

# **Money Talks:**

**If you're not careful,  
It just says "Goodbye"**

**Tips to help you avoid:**

**High-cost Loans, Frauds, Scams,**

**& other financial troubles**

# Why are you in school?

- Av. Lifetime Earnings (1996 census)
- Dropout 616,274
- HS Graduate 880,898
- College Grad 1,597,683



# The Greed Spectrum

Legal

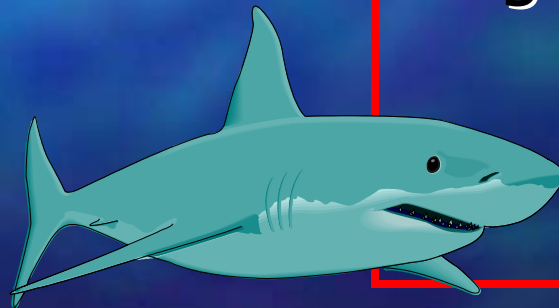
Best  
Honesty

Cheat

Illegal

Steal

Murder  
Worst



What makes us  
susceptible?

Honesty → too trusting



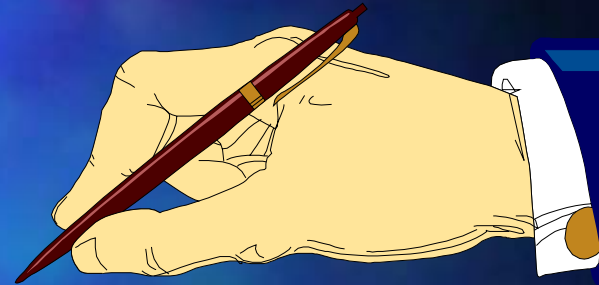
# Service With a Smile



The best cons use them too

# Don't sign it -

unless you agree to it!



- ✖ How can you agree to it if you don't understand it?

- ✖ How can you understand it, if you don't read it?

- ✖ If you still don't understand it, get some help before signing!!!

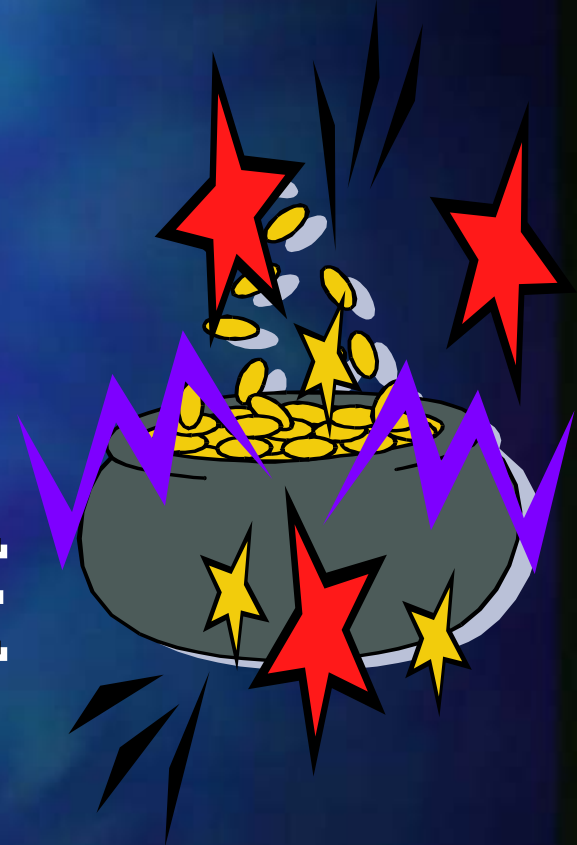
Some tips to help you  
avoid some problems:



# NOTHING

is

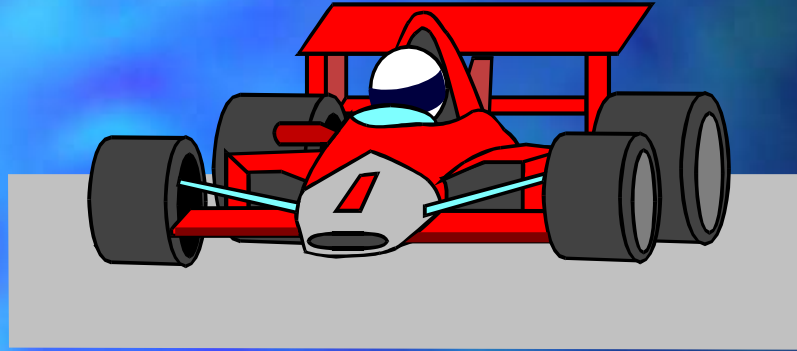
*RISK*-FREE



✧ Especially nothing involving money

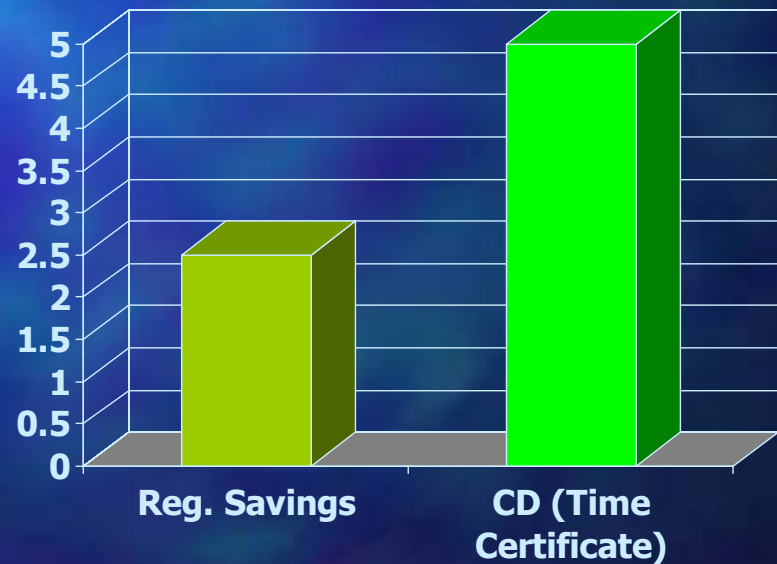


# The Greater the Rate



# The Higher the Risk

× Same Financial Inst.



× Especially ~~EXCEPTION?~~ matters!

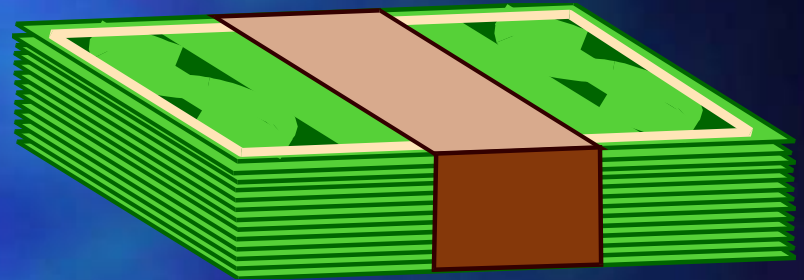
If it sounds too good to be true



# Interest

If you **save** money, you

Get it



If you **borrow** money, you

Pay it

× If you spend too much of your future earnings, you mess up your future.

# Want to know an easy way to make a million dollars next year?



- Invest  
\$10,000,000  
at 10%



# Want to know another way?



- Put \$1 into savings each month
- -- for 168 years  
(at 5%).

# Save \$100 each month at 5%



# Save \$100 each month at 5%



# Save \$100 each month at 5%



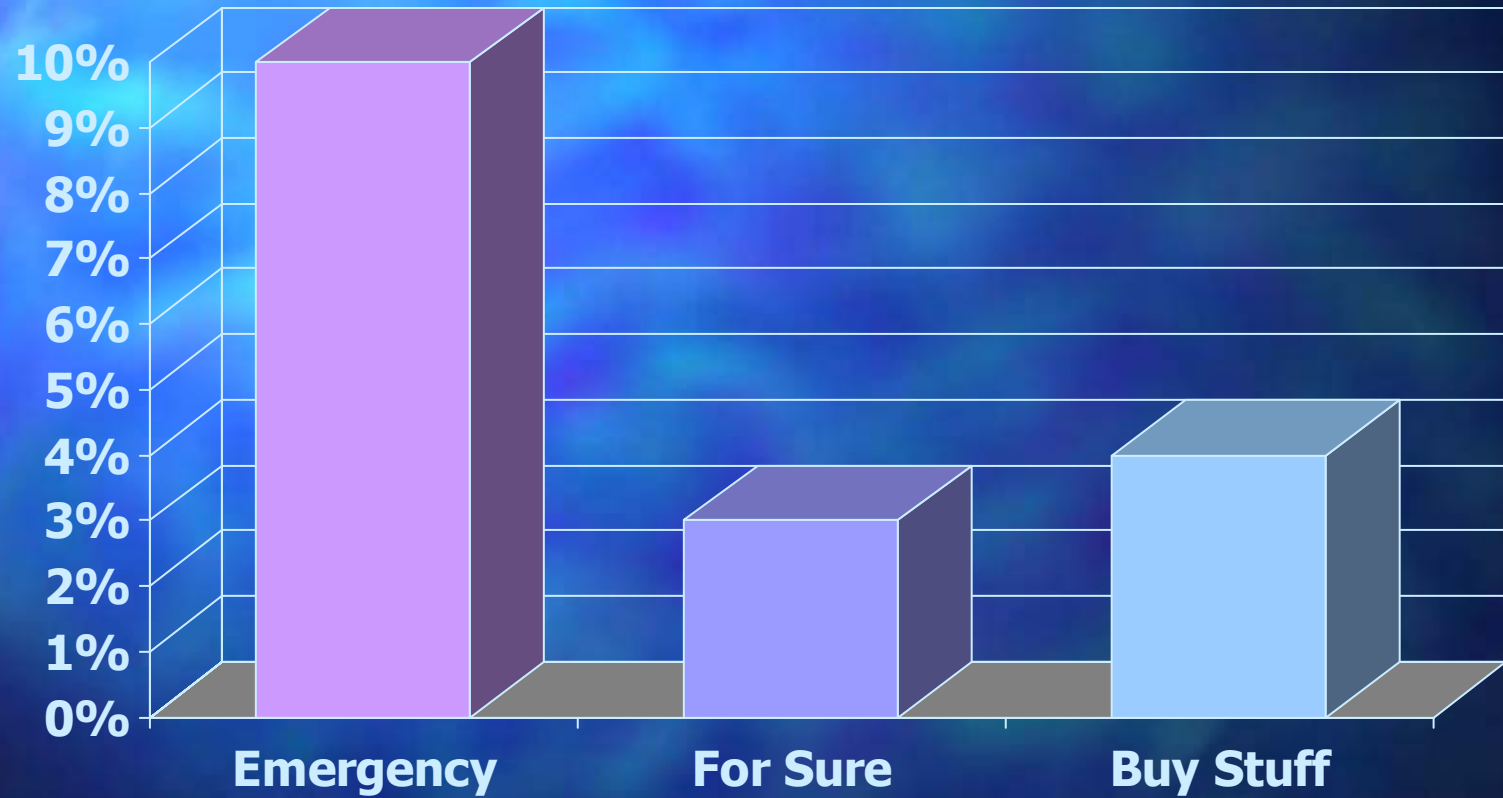


# Save \$100 each month at 5%

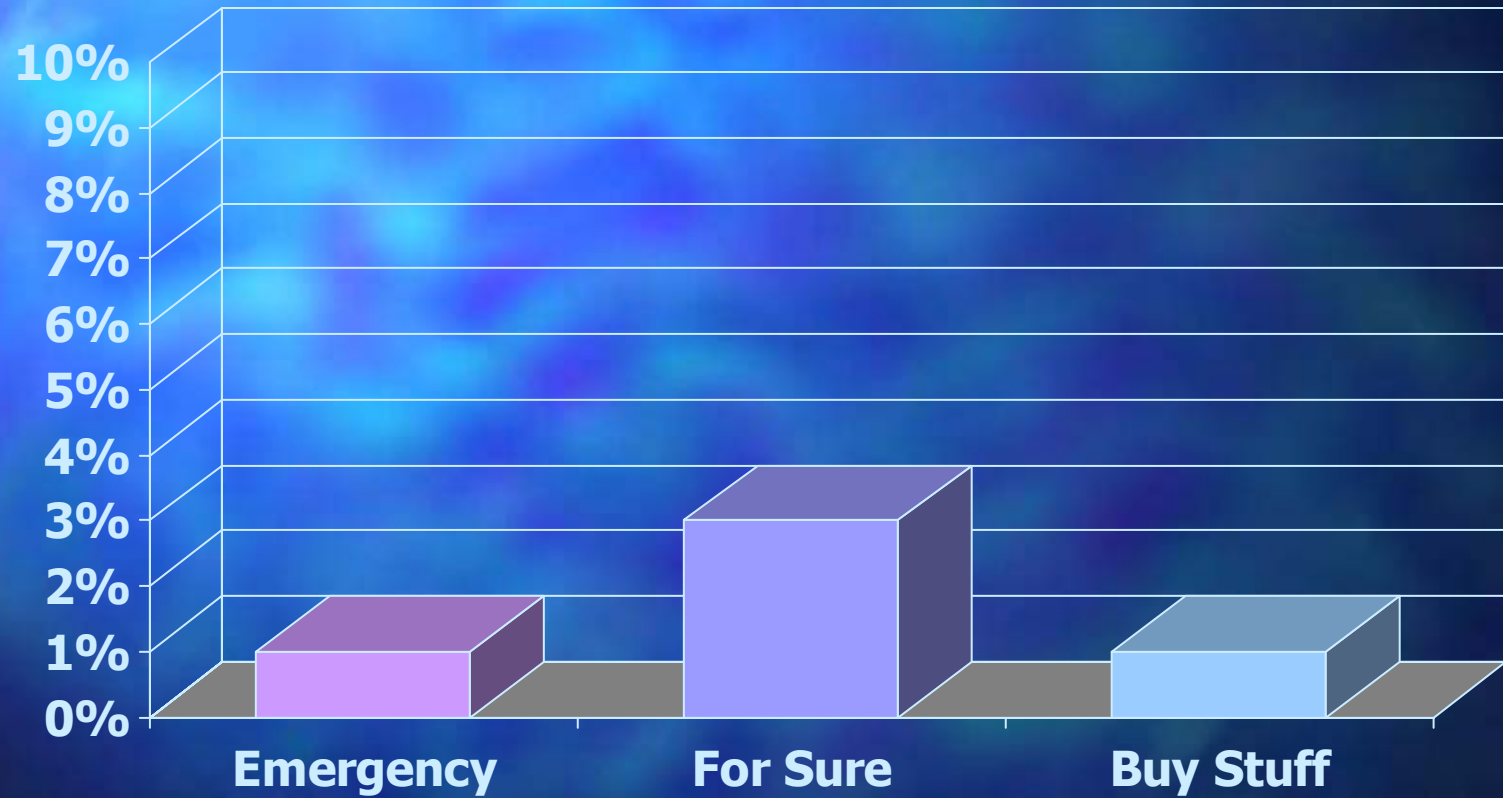


✖ Now earning > \$110+ each month

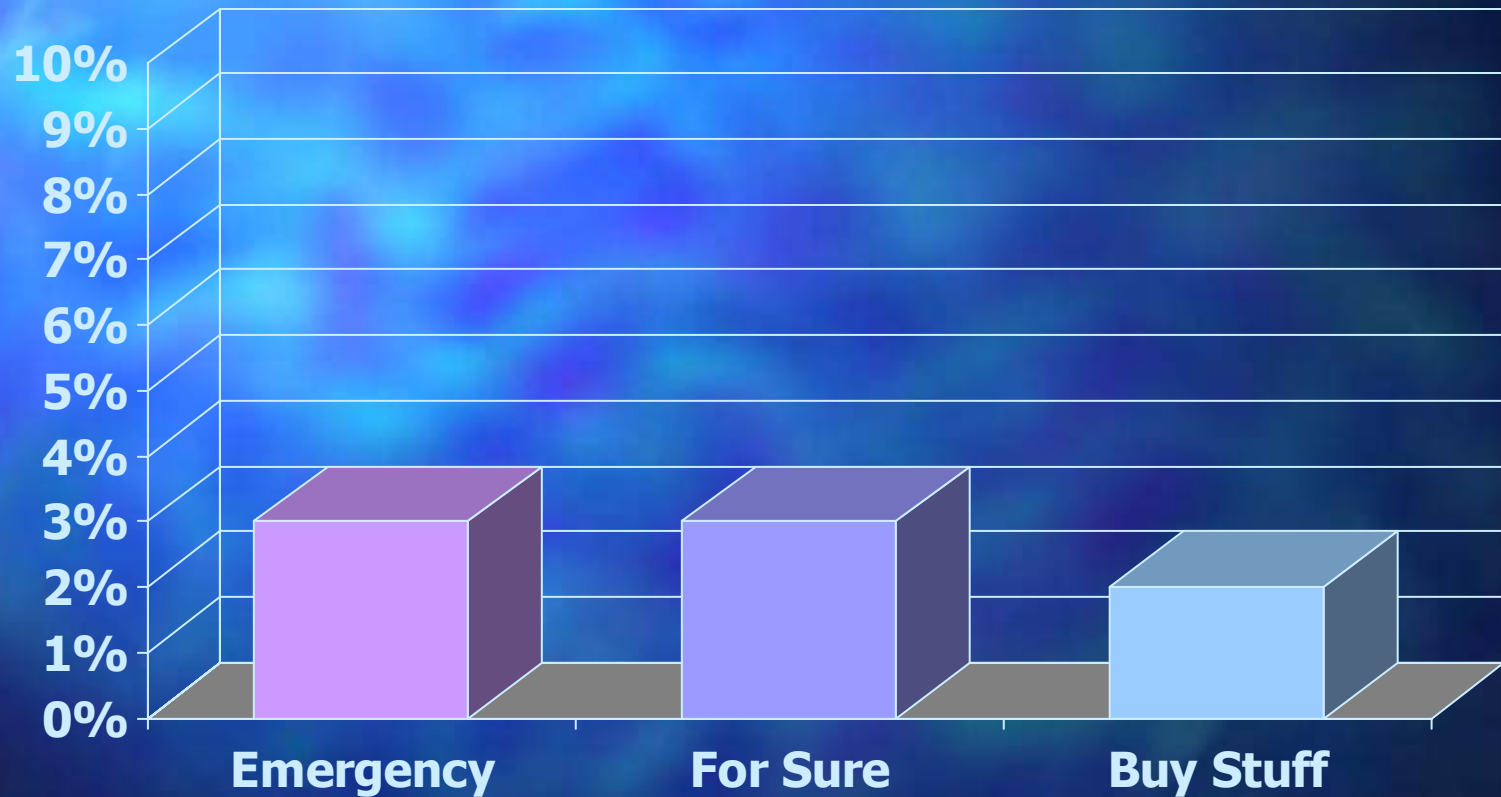
# Savings Goal:



# Start With:

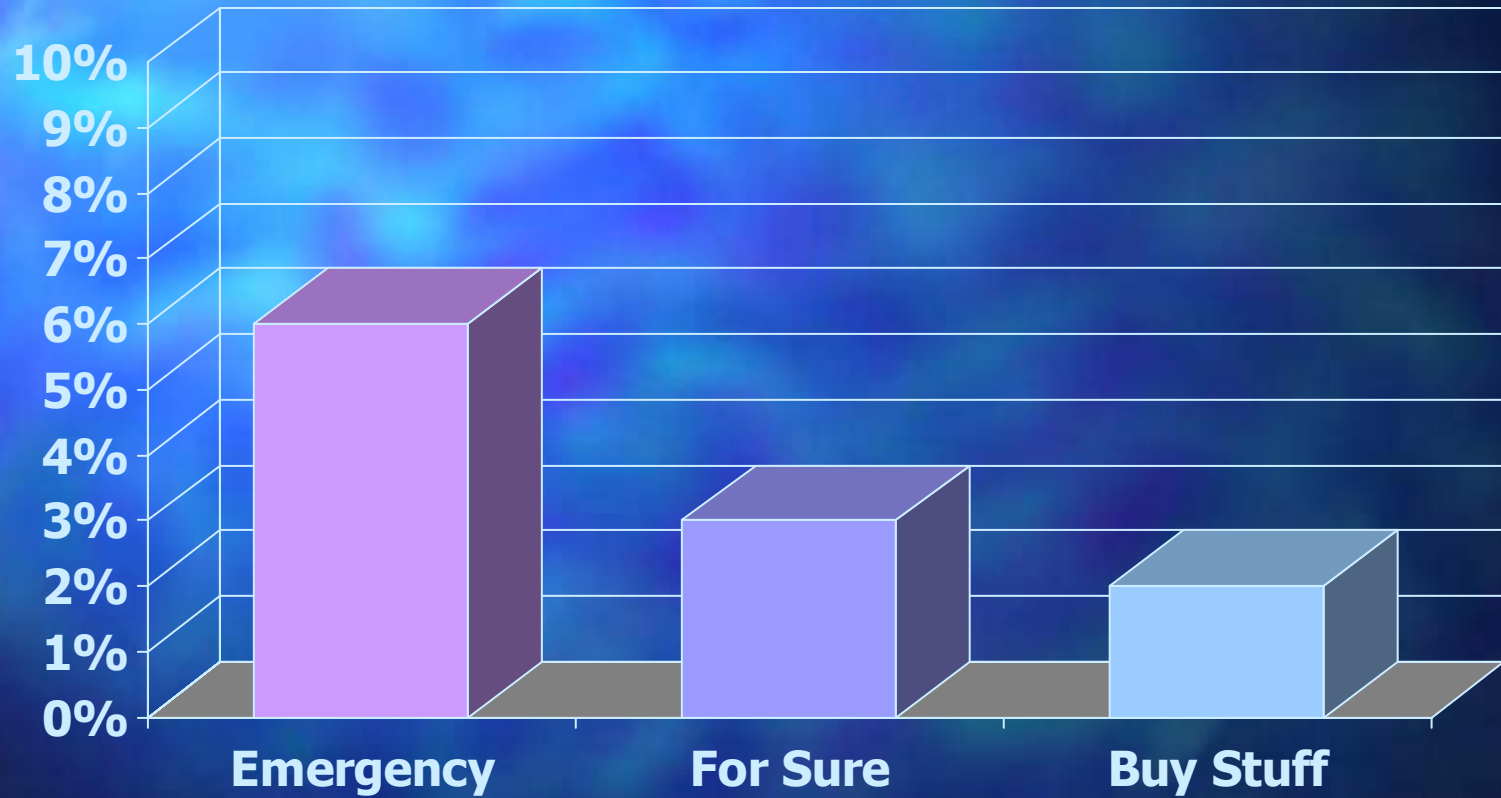


# Increase as you can:

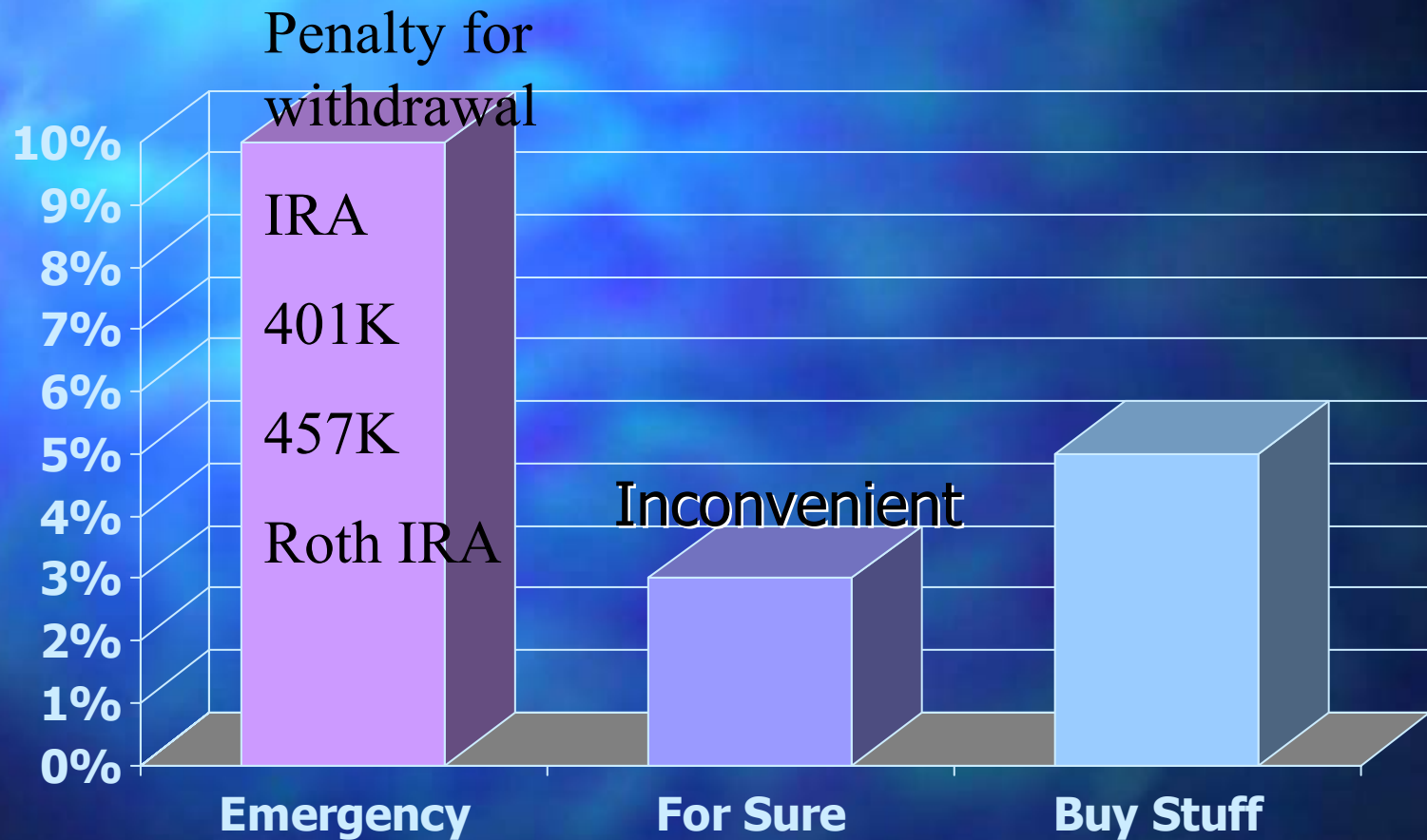




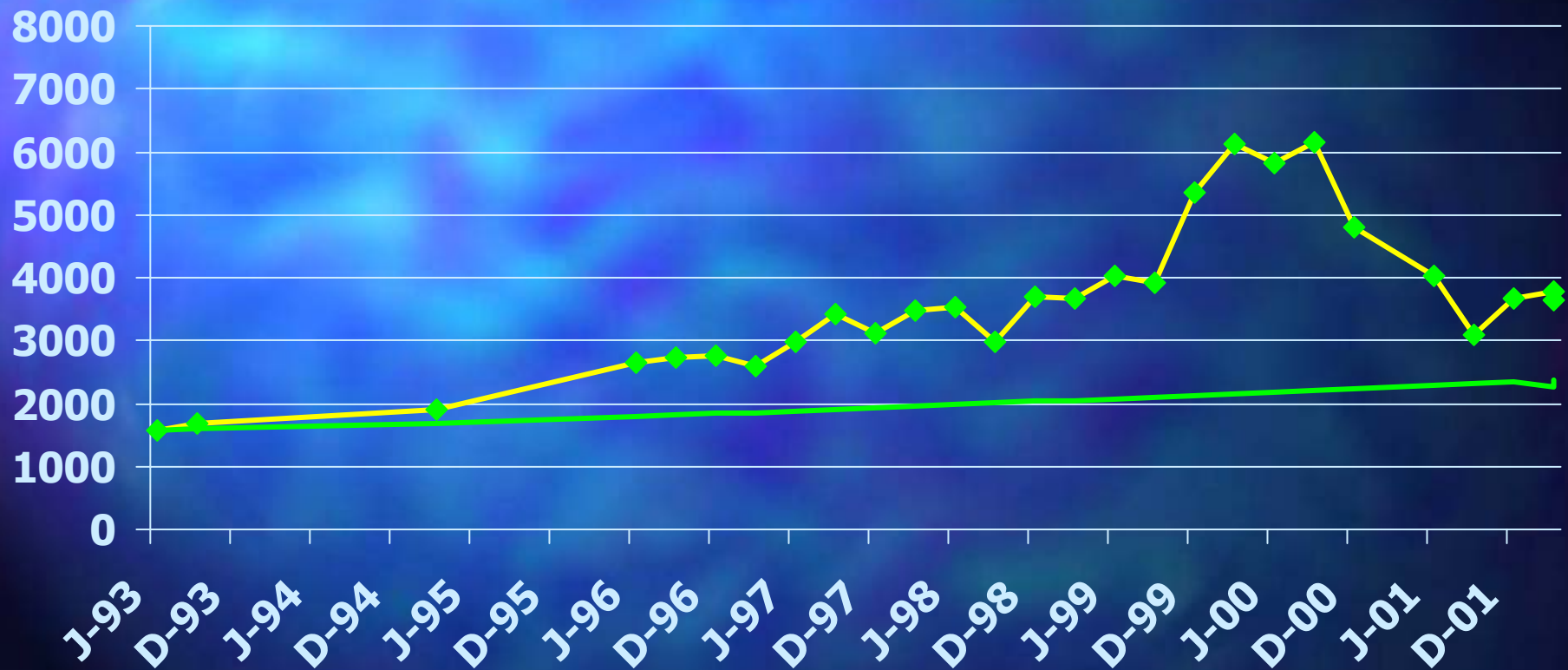
# Build More:



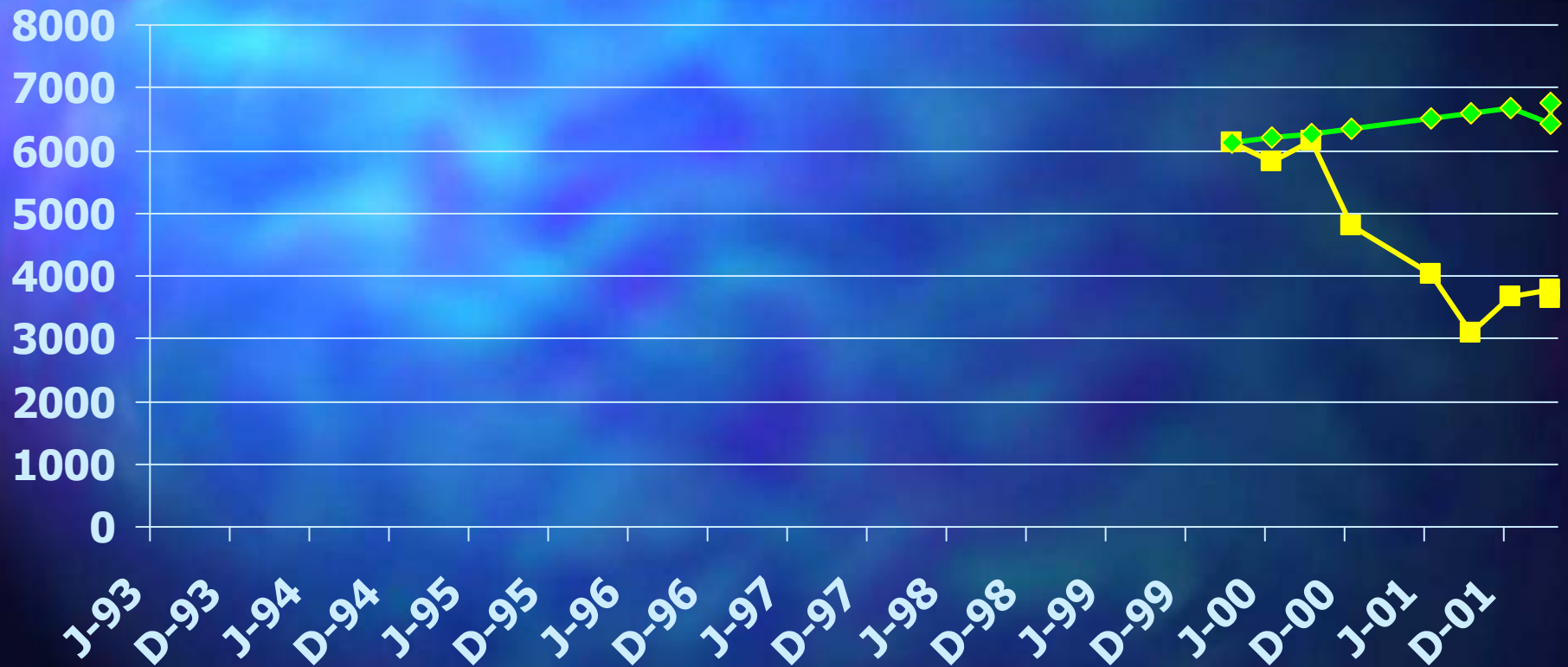
# More:



# Invest vs. Save



# Invest vs. Save





# Before you borrow, what?

## Annual Percentage Rate A.P.R.



- 9%
- (add-on rate)
- (A.P.R.)
- $\sim 20\%$
- Some people only ask: "What's my payment amount?"

Try to pay less than...

**x 13% A.P.R.**

**x Consider yourself  
unlucky (or \_\_\_\_\_) if you  
can't beat 13%!**

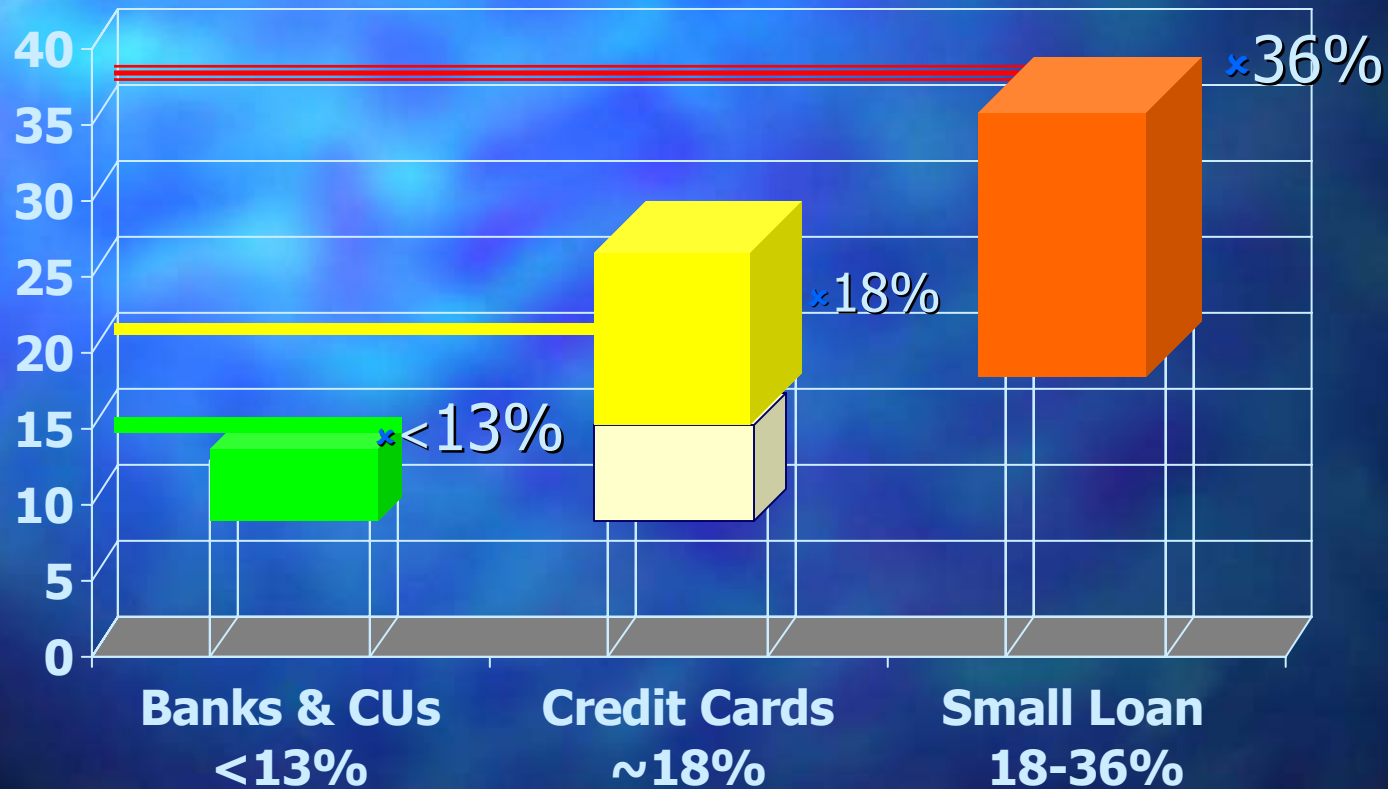


# Why people pay more than 13%

- \* Uneducated
- \* Deceived
- \* Not enough income
- \* Bad credit



# Interest Rate Ceiling





# TOO EASY LOAN COMPANY

## Promissory Note with Security Interest

Security: 1996 Olds Ciera

<b>Annual Percentage Rate</b>	<b>Finance Charge</b>	<b>Amount Financed</b>	<b>Total of Payments</b>
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.
<b>300%</b>	<b>\$4,442.80</b>	<b>\$2000.00</b>	<b>\$6,442.80</b>

**25% per month**

Payment Schedule:

**12 Payments of \$536.90.**

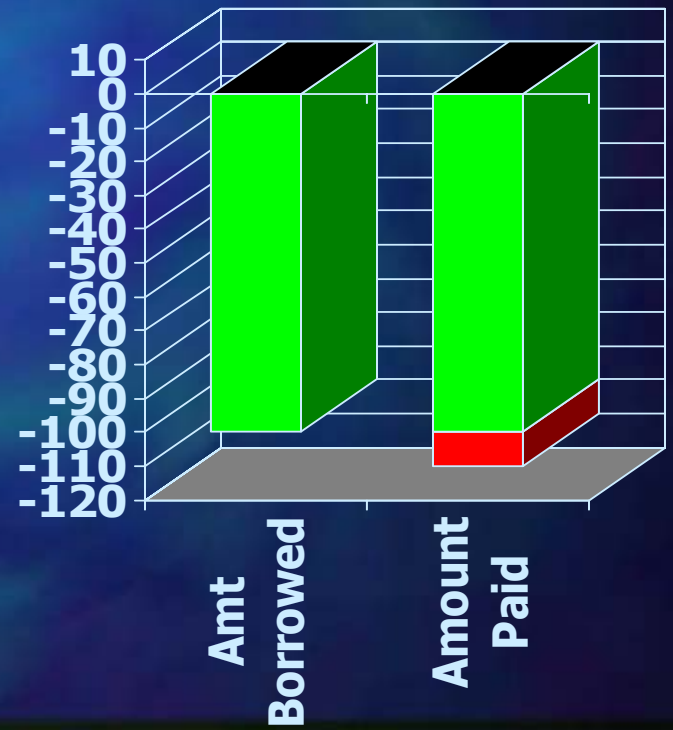
Beginning 2/4/99 and on the 4th of each month thereafter until final payment is made on January 4, 2000.

Default Charge: If the payment is late 10 days, you will be charged 5% of the payment amount.

# Percentage Rate

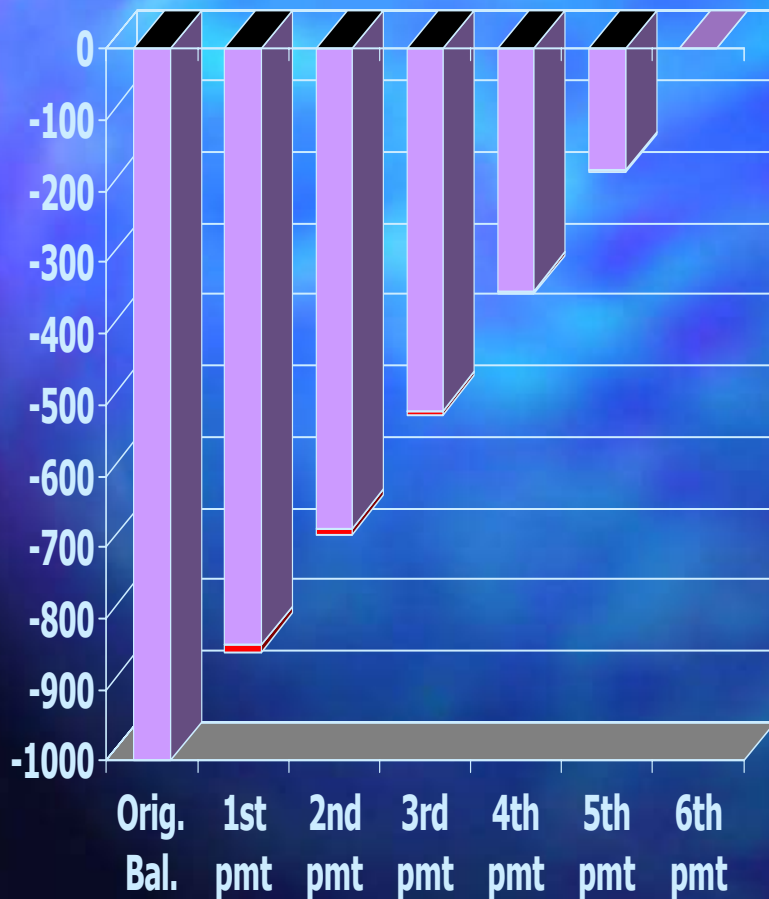
- If you borrow \$100
- And pay back \$110
- What percent is interest? 10%

- What is the Annual Percentage Rate (APR)?
- It depends on how soon you pay:
  - 1 year (single pmt) 10% (APR)
- If you pay it off in:
  - 1 month (single pmt) 120% (APR)
- If you pay it off in:
  - 1 week (single pmt) 520% (APR)

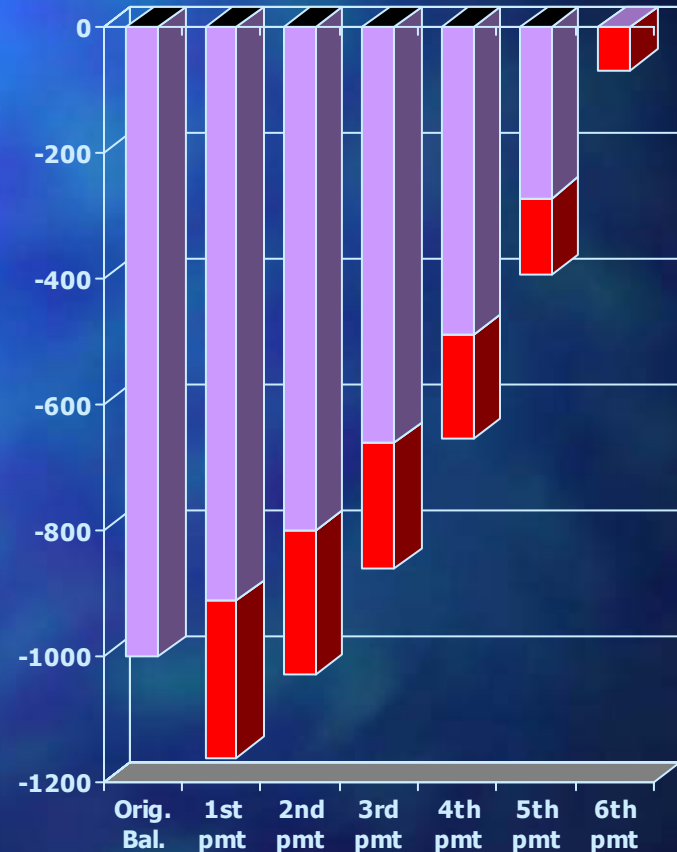


# Paying off loans at 12% vs. 300%

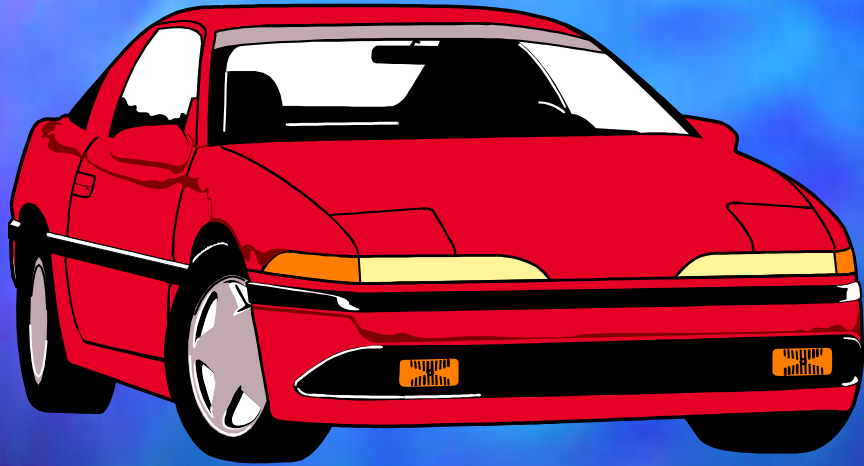
×173 p/mo



×339 p/mo



# Auto Purchase



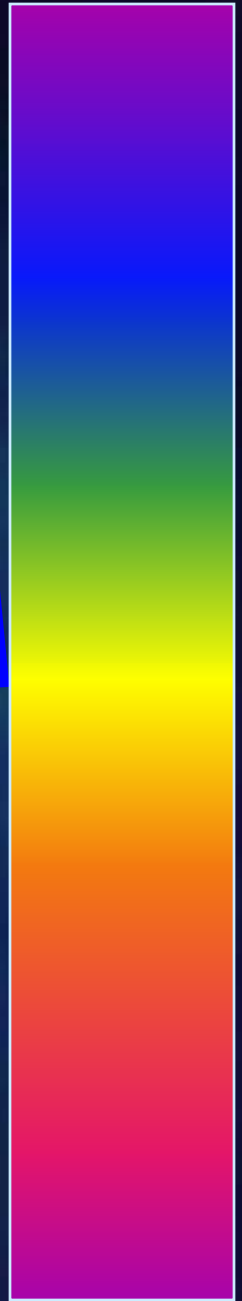
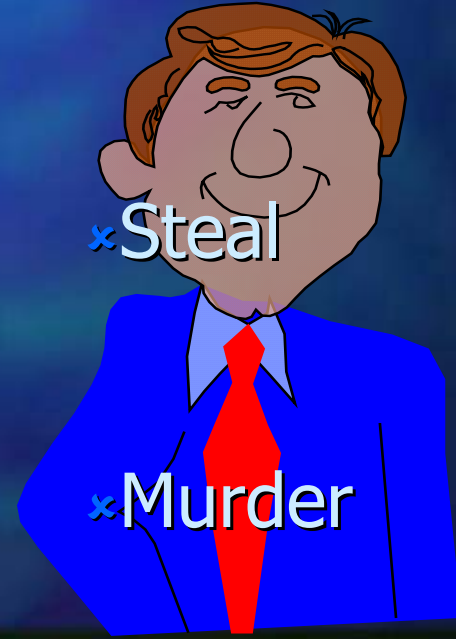
× Honest



× Cheat

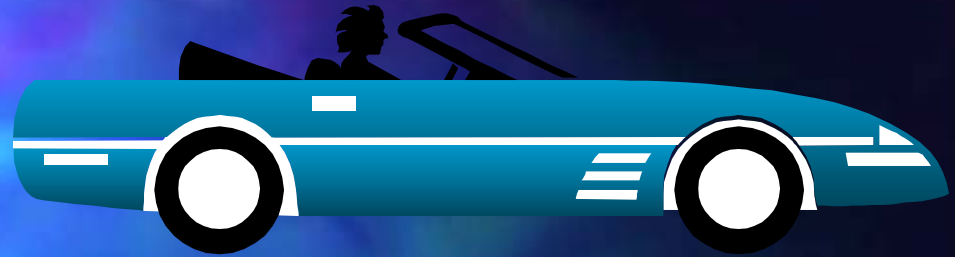
× Steal

× Murder





# Auto Loans:



■ APR	7%	12%	■ 25%
■ Loan Amt	\$10,000	\$10,000	■ 10,000
■ Term	5 years	5 years	■ 5 years
■ Mo Pmt	\$ 198	\$ 222	■ \$ 294
■ Interest	\$ 1,881	\$ 3,347	■ \$ 7,610
■ Tot. Pmts	\$11,881	\$13,347	■ \$17,610
× Difference	\$1,466	\$4,263	
		\$5,729	

# Insurance



- Full Coverage

- Liability & P.I.P.  
"No -Fault"

- Collision

- Comprehensive

- **Single interest**

- **More expensive!**

- **Fails to provide No-Fault**

- **License Revoked 1 yr+**

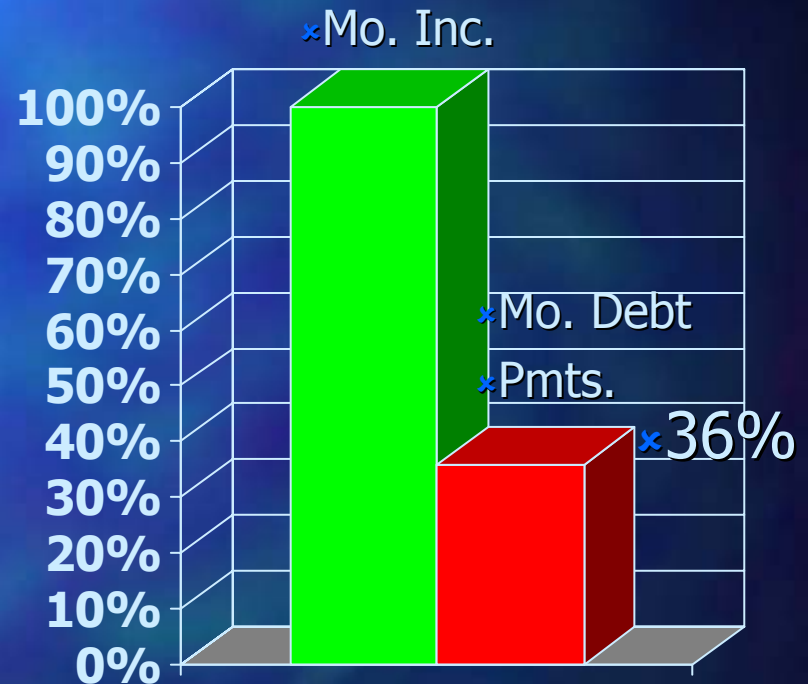
- **Car Impounded \$200+**

- **Ticket & fine \$400-1000**

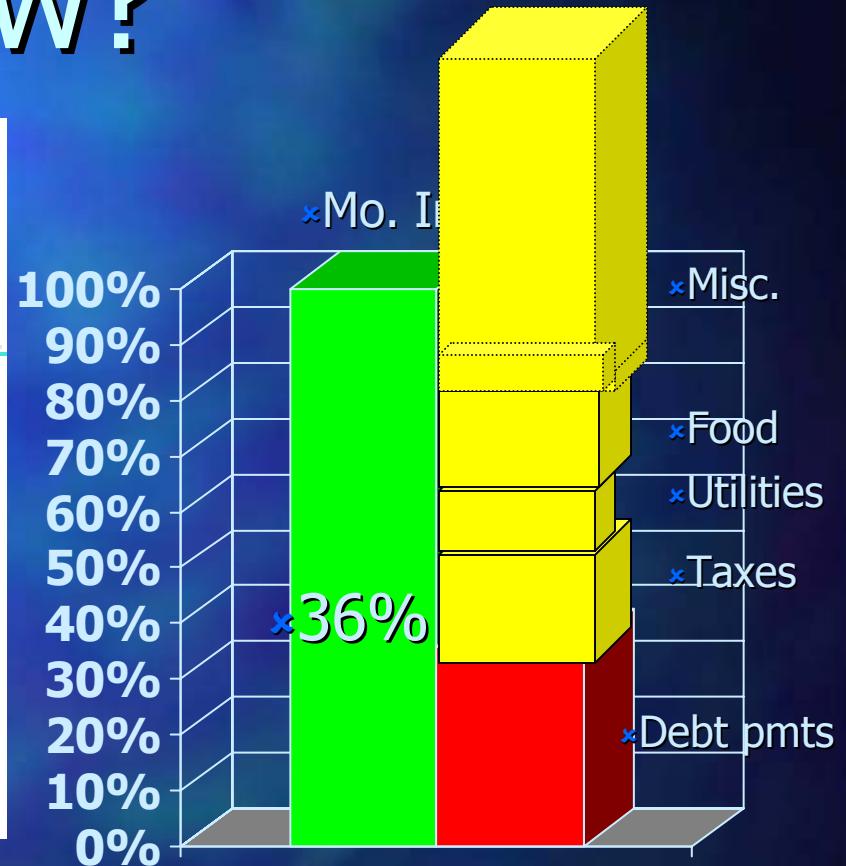
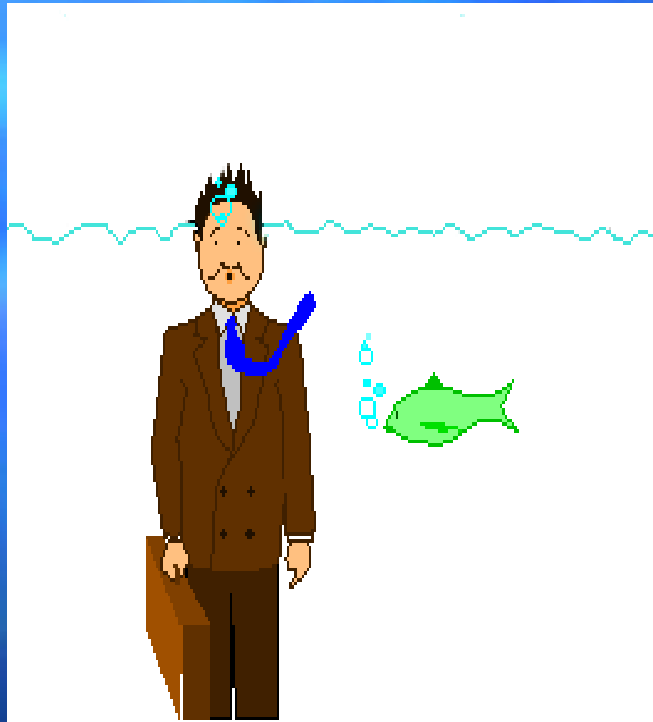
- **SR 22 Ins. (very expensive)**

# How Much Can I Afford to borrow?

- One tool used by many of the more reputable lenders :
- Debt-to-Income Ratio

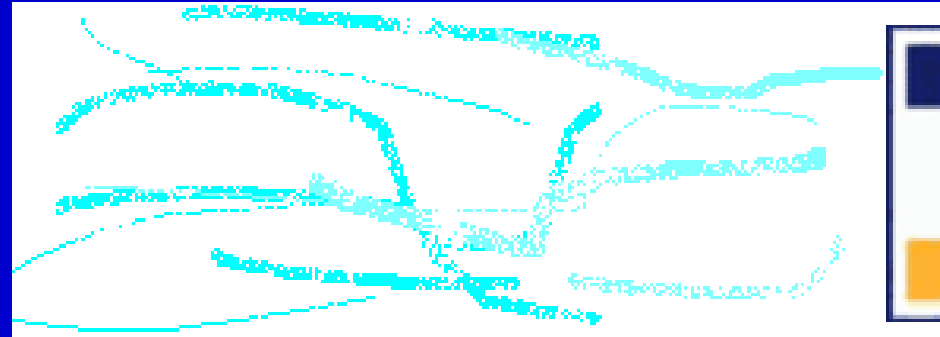


# How Much Can I Afford to borrow?

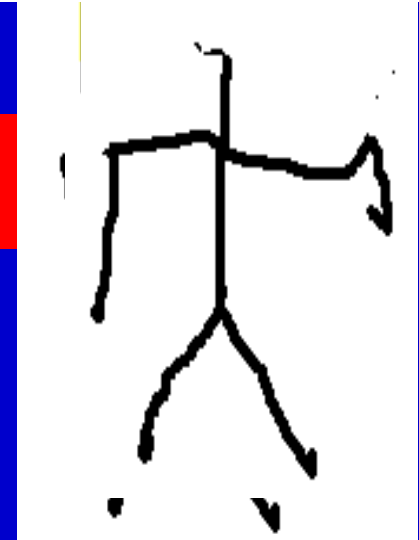




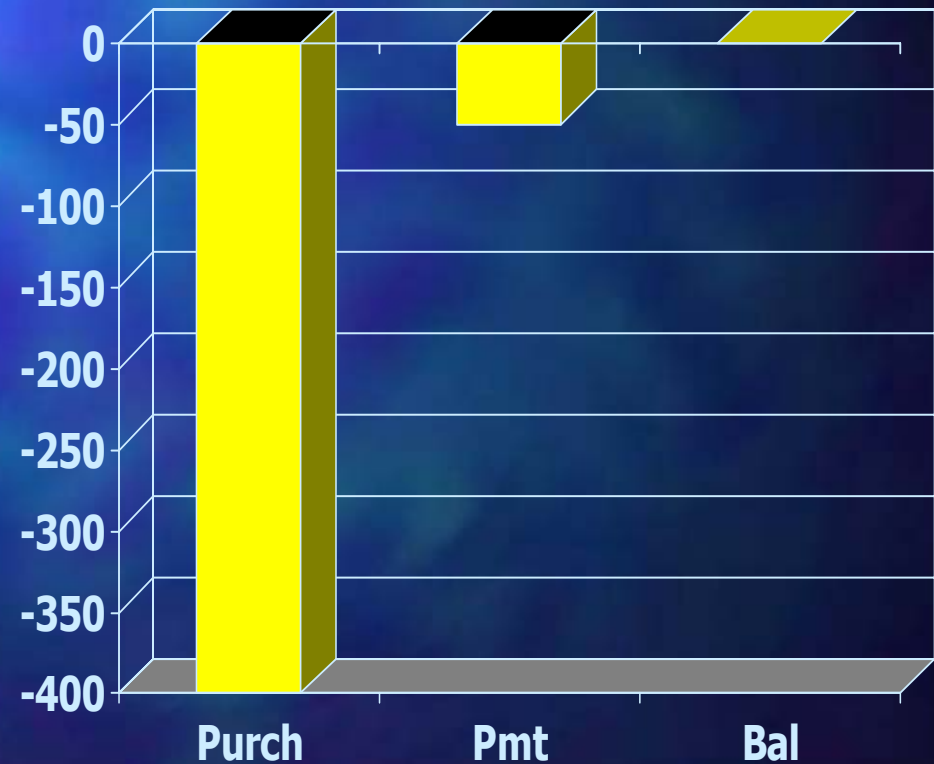
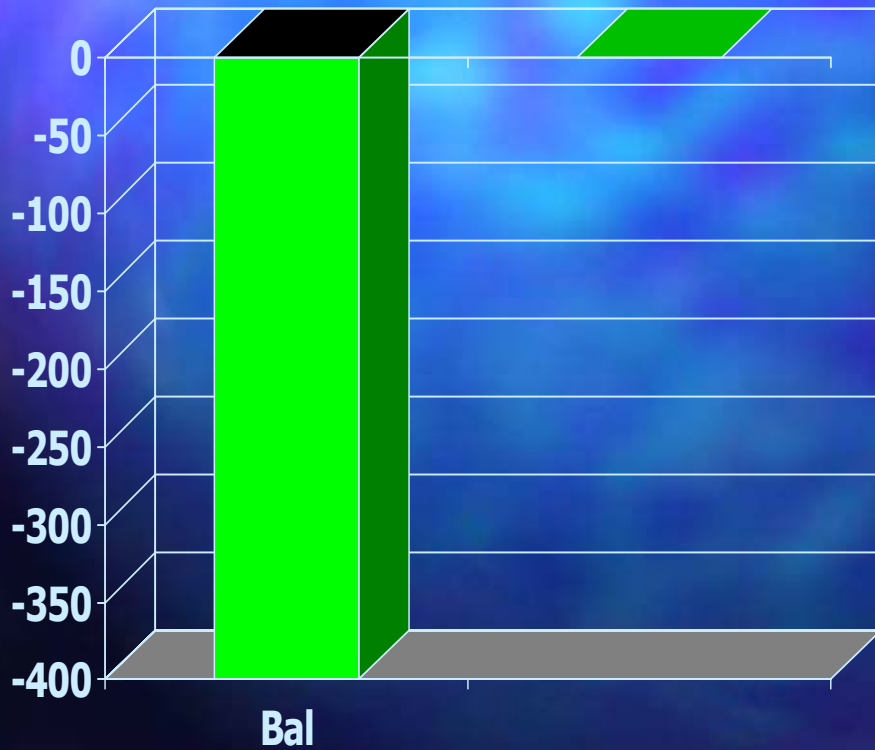
# Credit Cards: Our Friends?



**Or Our Foes?**



# Credit Card Purchase



# Simplified Credit Card Statement

Last Month's Balance

128.42

Payments received

(128.42)

Interest

0

Auto Repair Center

289.94

Joe's Gas & Goodies

14.32

Apparel Store

96.24

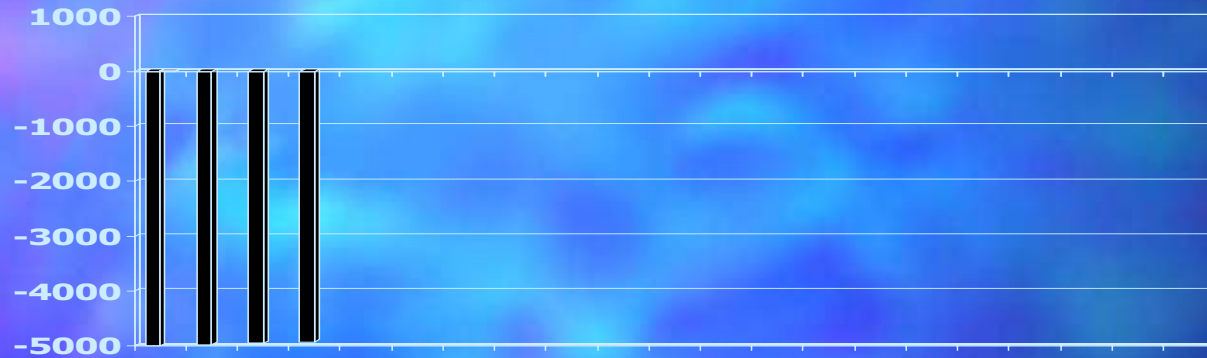
Ending balance

400.50

Minimum Payment Due

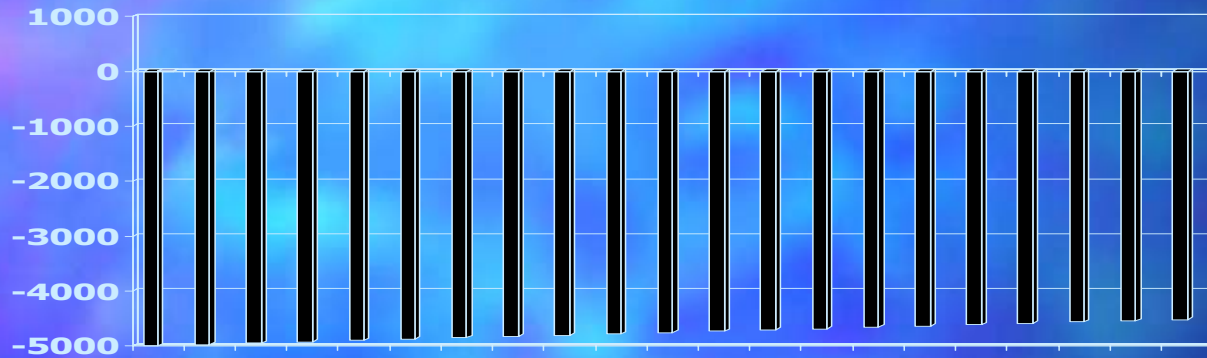
20.00

# A very costly way to use credit cards





# A very costly way to use credit cards



- × **Minimum payment** (and make no other purchases):

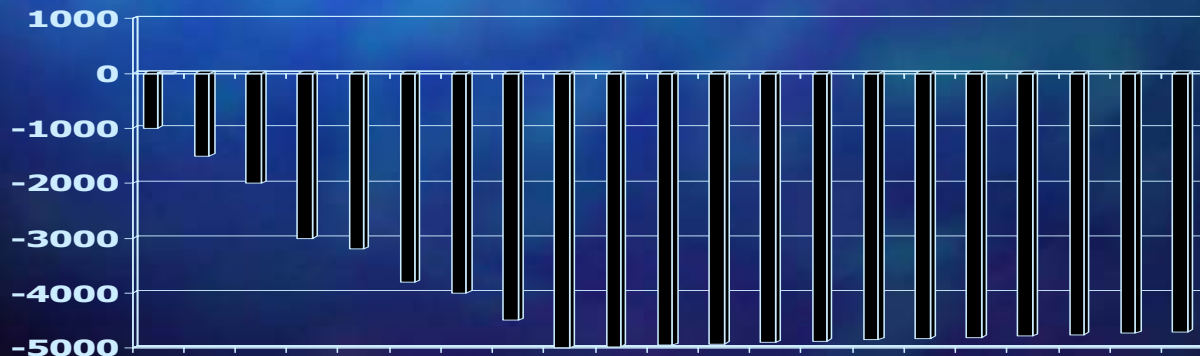
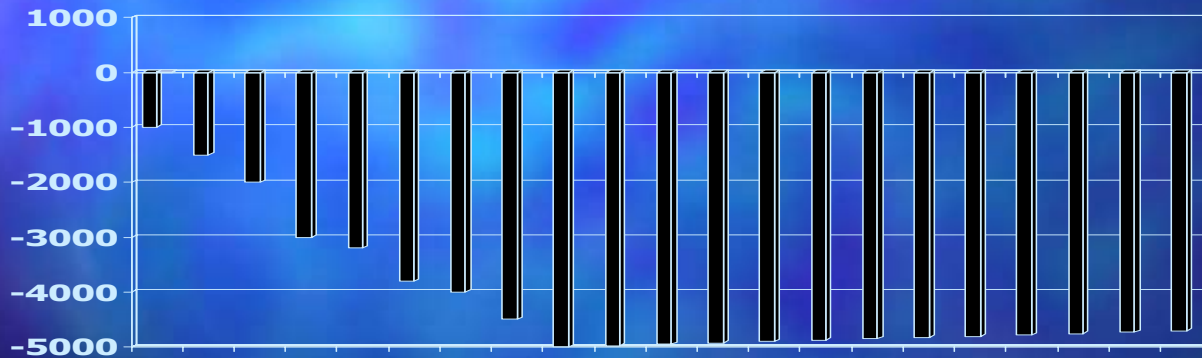
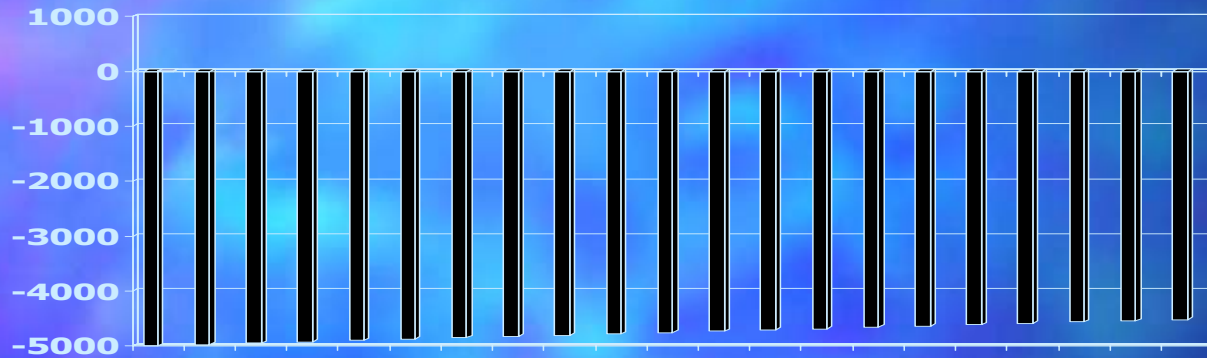
- × **At 18%**

- × **34** yrs to pay off -- \$ 12,893 int.

- × **At 21.9%**

- × **88** yrs to pay off -- \$ 43,729 int.

# A very costly way to use credit cards

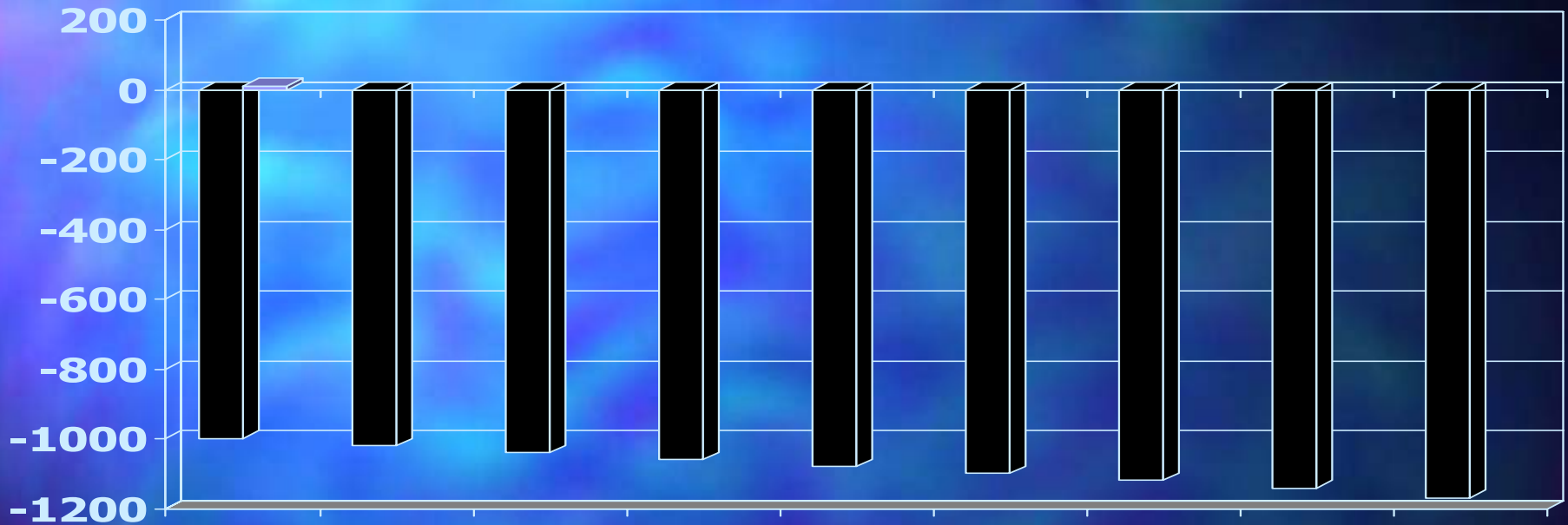


Consolidate  
credit card  
debt?

Yes, **IF**

good credit  
enough income  
equity

# The most expensive way to use Credit Cards



✖ **Minimum payment** (and make no other purchases):

✖ Over-limit fees

✖ Late Fees

# Credit Cards

- Set up Fee?
- Annual Fee?
- Grace Period?
- Rebate?
- APR?





# 27" TV



■ \$400.00

■ cash

# 27" TV On Sale

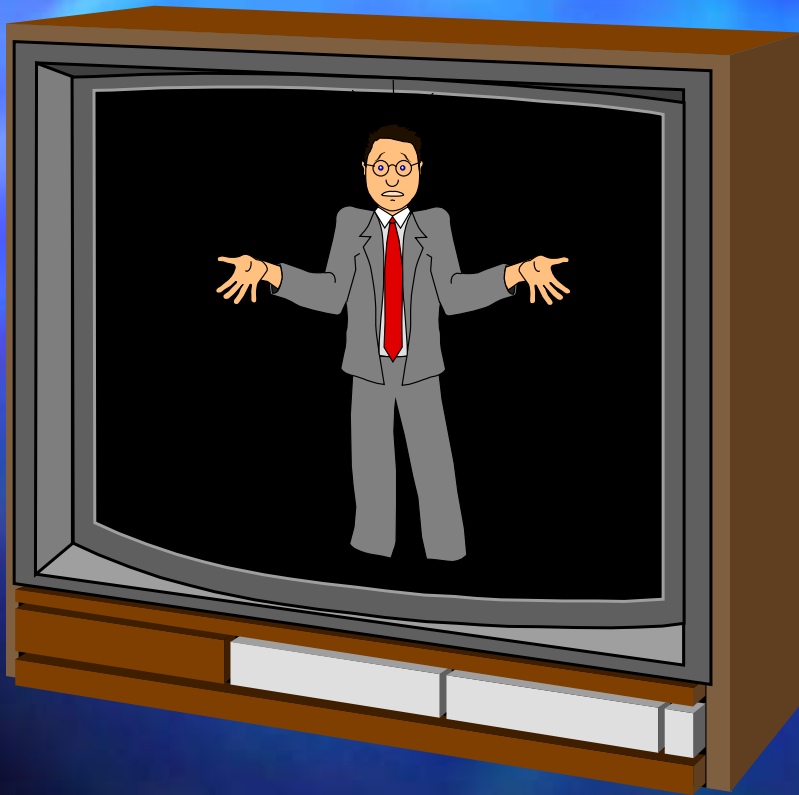


- \$350.00
- by smart shopping

- $\$50 / .80 = \$62.50$  earn
- $\$62.50 / 10 = \sim 6 \frac{1}{4}$  hrs

# 27" TV \$400.00

## Credit Card



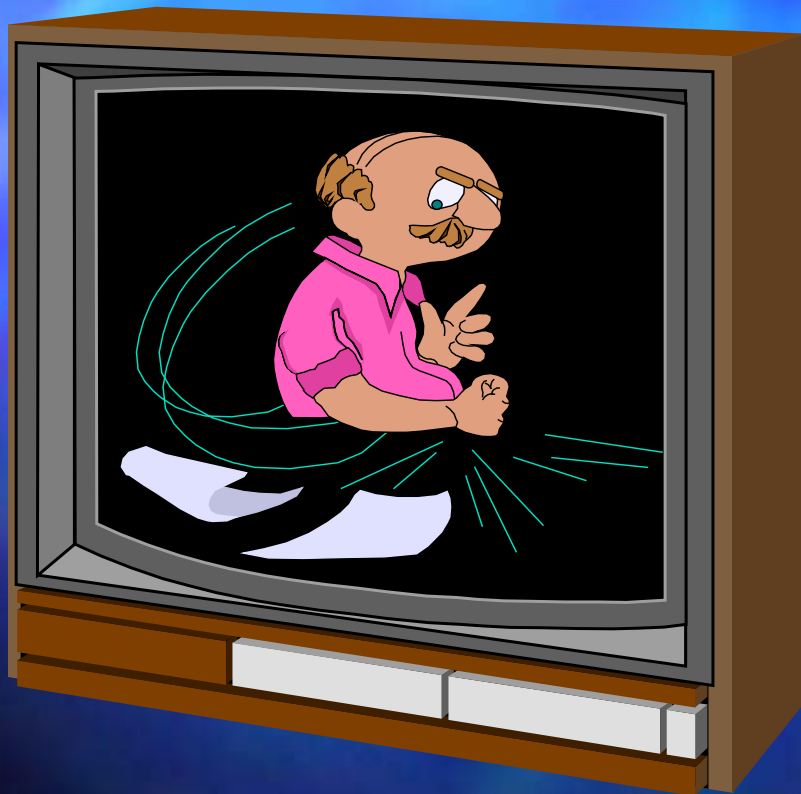
- 18% A.P.R.
- 18 mo. pmts
- \$26.00 per mo.
- \$59.00 interest

■ Total Cost \$ **459**

- $\$59.00 / .80 = \$74$  earn
- $\$74 / 10 = \sim 7.4$  hrs

# 27" TV \$400.00

## Finance Company



- 36% A.P.R.
- 18 mo. Pmts.
- \$29.00 per mo.
- \$123.00 int.

■ Total Cost \$ **523**

- $\$123 / .80 = \$154$
- $\$154 / 10 = \sim 15.4 \text{ hrs}$



# 27" TV \$400.00

## Rent-to-Own



- \$70.00 mo. pmt

- 18 months  $18 \times 70 = 1260$

- (\$860.00 int.)

- (196% A.P.R.)

- Total Cost \$ **1260**

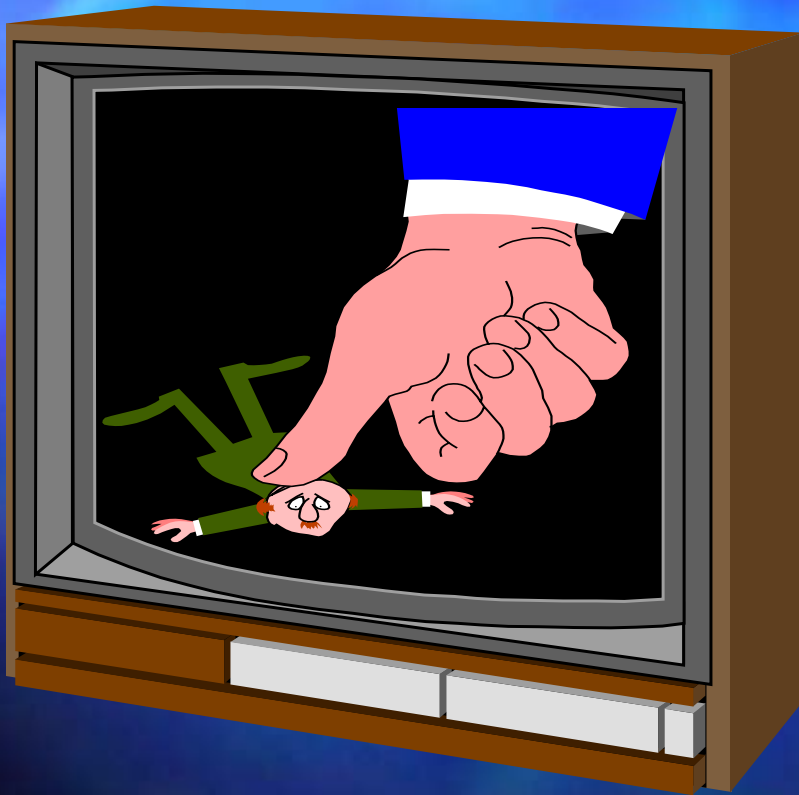
- $\$860.00 / .80 = \$1075.00$  earn

- $\$1075.00 / 10 = 107$  hrs

- $107 \text{ hrs} / 40 = 3 \text{ wks f.t.}$

# 27" TV \$400.00

## TooEasy



Loan (Bad Credit OK)

- 300% A.P.R.
- Car Title Pawn
- \$102.00 payments
- \$1,433 interest

■ Total Cost \$ **1833**

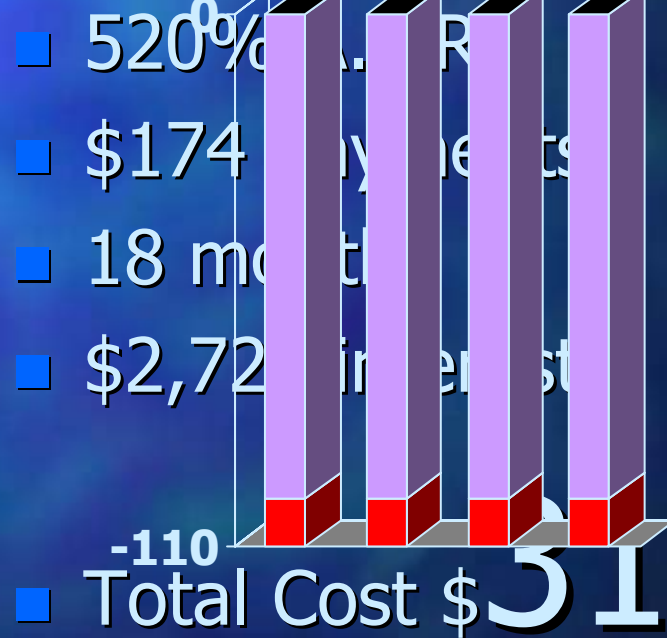
- $\$1433 / .80 = \$1791$
- $1791 / 10 = 179 \text{ hrs}$
- $179 / 40 = 5\text{wks full time}$

# 27" TV \$400.00

## Payday Loan



10% (per week)



**x Why?**

# Why?



- Desperate people do Desperate things
- --Over-extended
- --Bad Credit
- --Low income
- --Greed > judgement
- --Gambling
- --Alcoholism
- --Drugs
- --Health problems



# Credit Bureau Reports

■ Bill S. Preston

529-00-0000

■ Employer: Wylde Stallyns

■ Creditor	Limit	Bal	Comments
■ Department Store	1000	1050	5>30, 3>60
■ Credit Card	5000	4999	6>30,3>60,1>90
■ Dumpy Bikes	500	430	Collection agency
■ Fast Car Lot	6000	0	Repossession
■ Credit Card	2000	0	<u>as agreed</u>
■ Home Mortgage	70000	65000	<u>current</u>
■ <u>Overdraft Line of Cr</u>	<u>2000</u>	<u>0</u>	<u>as agreed</u>

# Popular Credit Scoring System:



- 35% Payment history
  - older & small items count less
- 30% Amount of debt
  - overextended?
- 15% Length of credit history
- 10% New credit
  - amount accumulated within the past 12-18 months
- 10% Types of credit
  - too many credit cards

# Credit Repair Scams

■ Bill S. Preston 529-00-0000

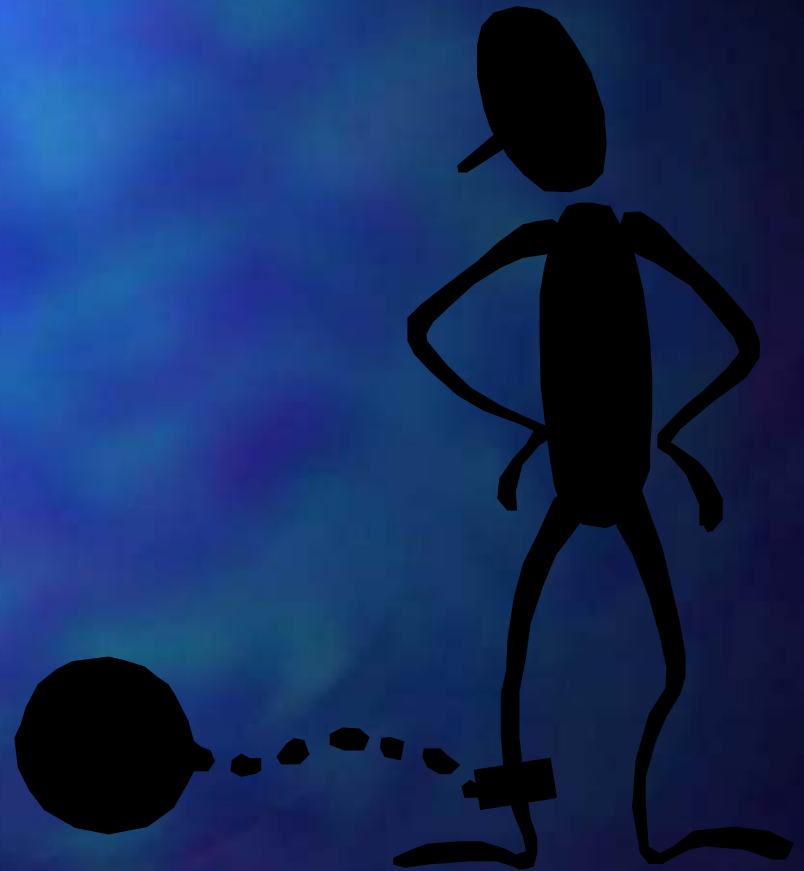
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■	Overdraft Line of Cr	2000	0	as agreed



If you don't pay your bills on time,  
your **bad credit will inhibit** you:

- Borrowing
- Buying a home
- Renting
- Increasing insurance rates
- Getting a good job





# What if you've already been smashed financially?

- Hang on until you can bounce back!
- Satisfy your obligations asap (high rates 1st)!\*
- Keep everything current for 2+ years.
- \*If you can't, get some help.



# "Pre-Approved"

- What Does it mean?
- NOTHING
- Beware!



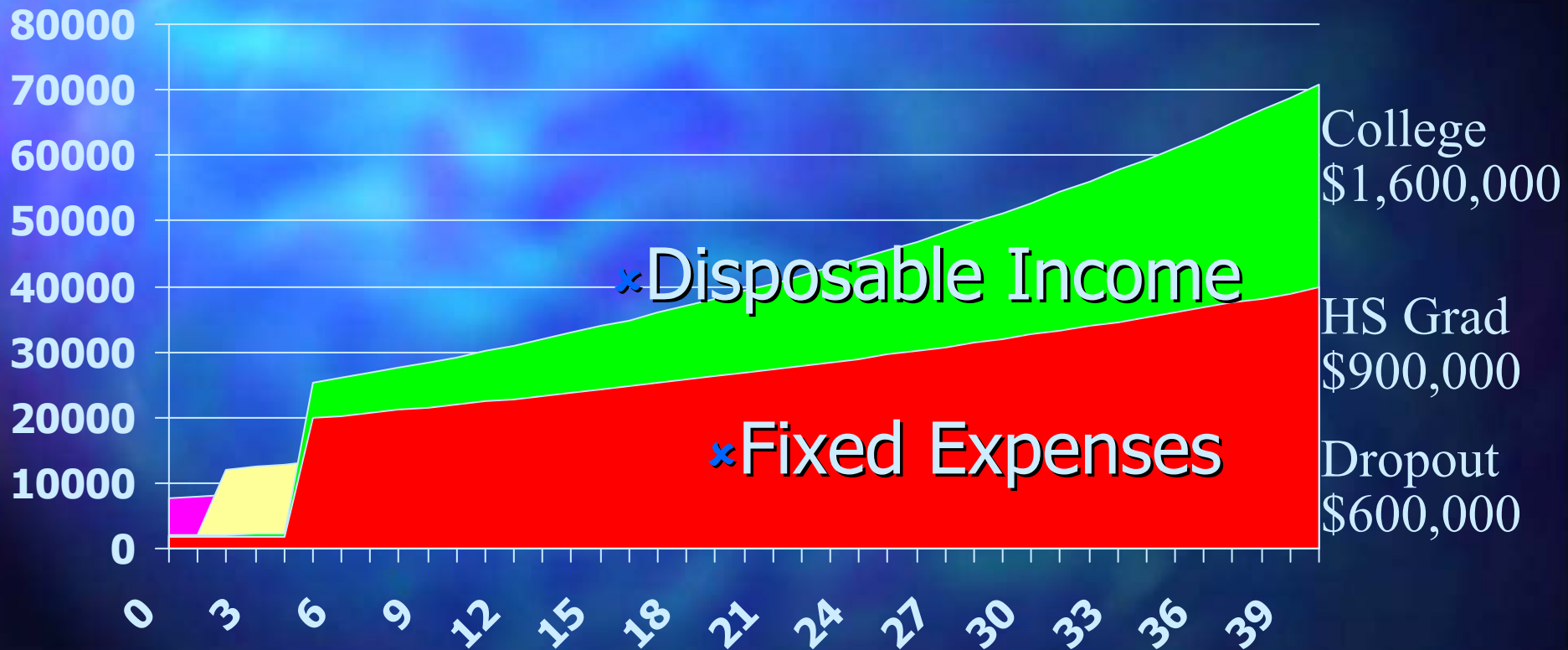
# Late Payments can be extremely **EXPENSIVE!**

- If 30 days late --> credit report (future costs)
- If 1 minute late --> late fees (current costs)

**\*Repossessions**  
**Legal & other fees**

A stylized illustration in the bottom right corner featuring a human skull resting on a globe. Several blue arrows point upwards from the globe, and a larger blue arrow points upwards from the right side of the frame. The background of the entire slide is a dark blue and purple nebula-like pattern.

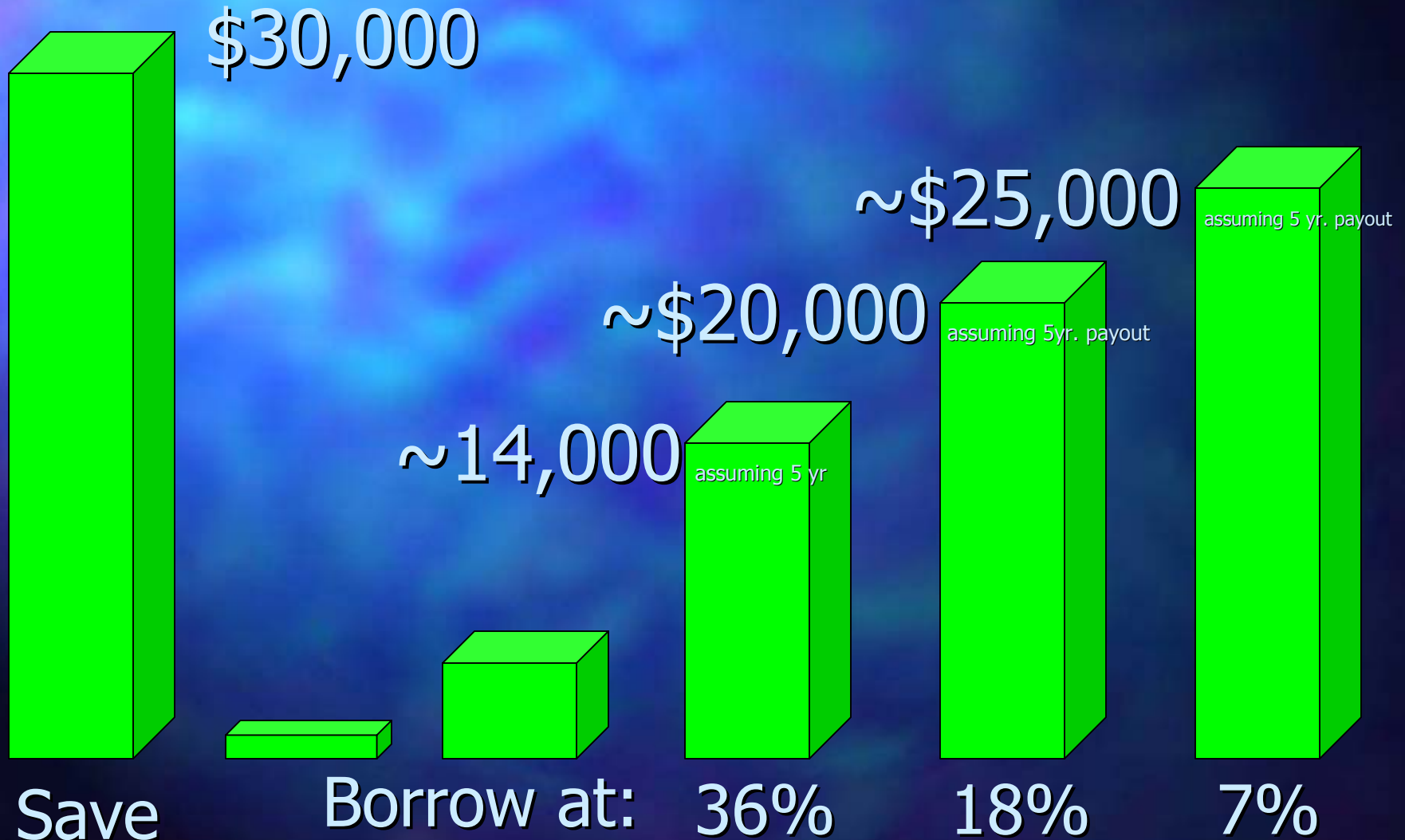
# Gross Income





# Disposable Income - Next ~10 yrs

## How much do you want?



# When big money is at stake



× Greed

× Brain

# Don't participate in unethical deals!

If someone offers you a deal that takes advantage of someone else...

- What assurance do you have that they won't also con you?



# Top Scams in Utah

per Utah Div. Of Consumer Prot.

- 1. Identity Theft
- 2. Deceptive Business Training Seminars.
- 3. Fraudulent Telemarketing Schemes.
- 4. Fraudulent Charities.
- 5. Travel Scams.
- 6. Deceptive Business Opportunity Offers.
- 7. Deceptive Car Repair Practices.
- 8. Prize Promotion Scams.
- 9. Telephone Slamming & Cramming.
- 10. Advance Fee Loan & Credit Card Scams.
- 11. Credit Repair Scams.





# Loan Scam

(STRICTLY CONFIDENTIAL)

- We want to assist you in this UNIQUE venture.
- These European transactions are Legal, allowing you to borrow hundreds of thousands of dollars and NEVER have to repay a cent!!
- How? The lender (Offshore Bank) deducts a compensating balance from the proceeds of your loan, your loan is SELF-LIQUIDATING or PAID OFF by the compensating balance.
- EVERYONE QUALIFIES. No risk what so ever!!
- Application Fee \$65.

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- Application Fee \$65.

# E-mail Scam?

- WORLD CURRENCY CARTEL will instruct a LIMITED number of people on 'HOW TO CONVERT \$25 INTO \$100 OF LEGAL CURRENCY'. We will transact the first conversion for you, after that you can easily and quickly do this on your own, hundreds or even thousands of times every month. TAKE ADVANTAGE OF THIS "SECRET FLAW"!... There is a one time membership fee of only \$35... Your important instructions will be mailed... We are only accepting CHECK-BY-FAX payable to NDML. Fax it to 212-208-3050.

# E-mail Scam?

- WORLD CURRENCY CARTEL will instruct a **LIMITED number** of people on 'HOW TO CONVERT **\$25 INTO \$100** OF LEGAL CURRENCY'. We will transact the first conversion for you, after that you can easily and quickly do this on your own, hundreds or even **thousands of times every month**. TAKE ADVANTAGE OF THIS "**SECRET FLAW**"!... There is a one time membership fee of only **\$35**... Your important instructions will be mailed... We are only accepting **CHECK-BY-FAX** payable to NDML. Fax it to 212-208-3050.



**URGENT**

Yordas Uccer  
1 F St.  
U-Falls Forthis, UT 84666

Provider: Crudcorp Inc.  
Status: Pre-Approved  
Limit: \$10,000  
Rate: 12% APR

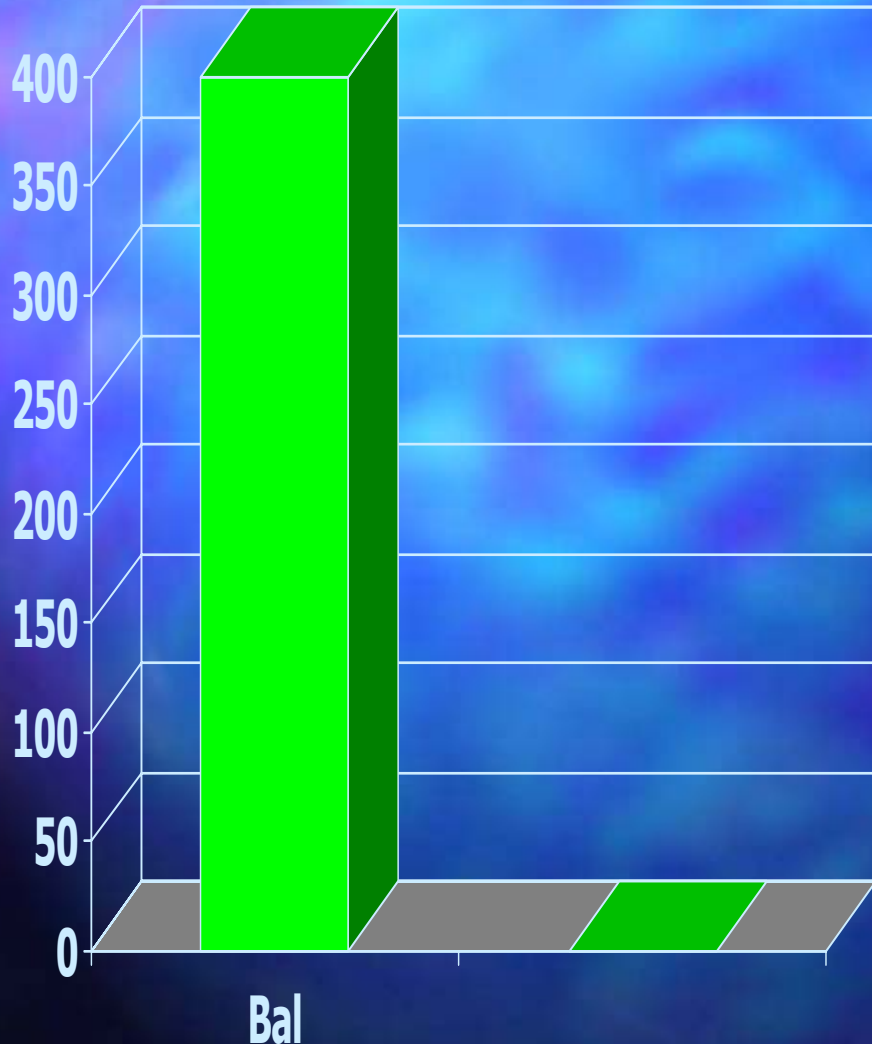
Congratulations Ms. Uccer,  
You have been pre-approved  
for a gold card with a  
\$10,000 limit valid  
exclusively toward all  
purchases from provider.  
Mail your \$29.95 annual fee  
along with this notice.  
Full details of your  
membership will be  
included with your card.

# Debit Cards?

- Why?
- “Easy access to checking”
- **Dangers**
- **Holds** on your account
- Can cause **bounced checks**
- **Mail order** - dissatisfied?
- Lost or stolen? **Money gone.**



# Debit Card Purchase



## ✕ Advantages:

- ✕ No debt (using own money)
- ✕ Easy access to checking

## ✕ Disadvantages:

- ✕ Money gone
- ✕ Holds
- ✕ Bounced checks

To avoid the

# Hazards of Checking Accounts

- Keep your blank checks in a safe place





# To avoid checking acct. problems:

- (1) Reconcile your records to the bank statement. The sooner you do it, the easier it is.

	<i>Balance</i>	<i>123.00</i>
<i>1422 Joe's grocery</i>	<i>120.39</i>	
<i>1423 SLC Utilities</i>	<i>68.00</i>	
<i>Paycheck</i>	<i>535.29</i>	<i>635.27</i>
<i>1424 Dumpy Bikes</i>	<i>25.00</i>	<i>605.27</i>

2001-91	
PAY TO THE ORDER OF _____	_____ 19 _____ \$ _____ _____ DOLLARS

## First Bank Statement

Balance 100.00

### Deposits

9/10/00 200.00  
9/14/00 535.29

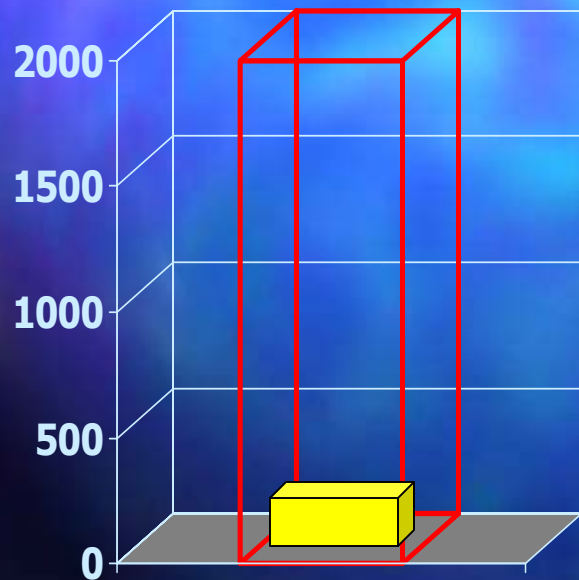
### Checks Cleared

9/9/00 20.00  
9/14/00 120.39

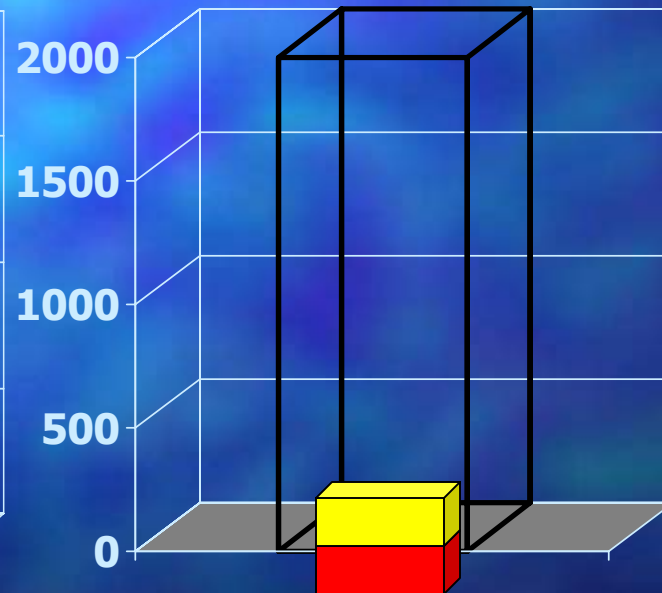
Ending Balance 694.90

# To Avoid Bounced Checks:

- Have a **backup** arrangement for when you make a mistake.

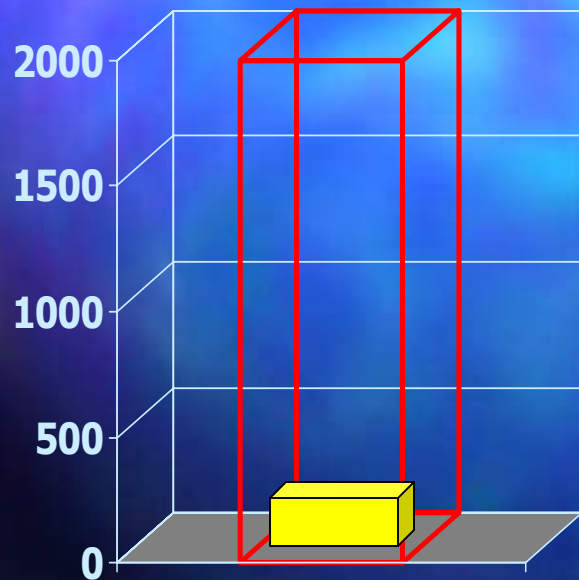


× Line of Credit

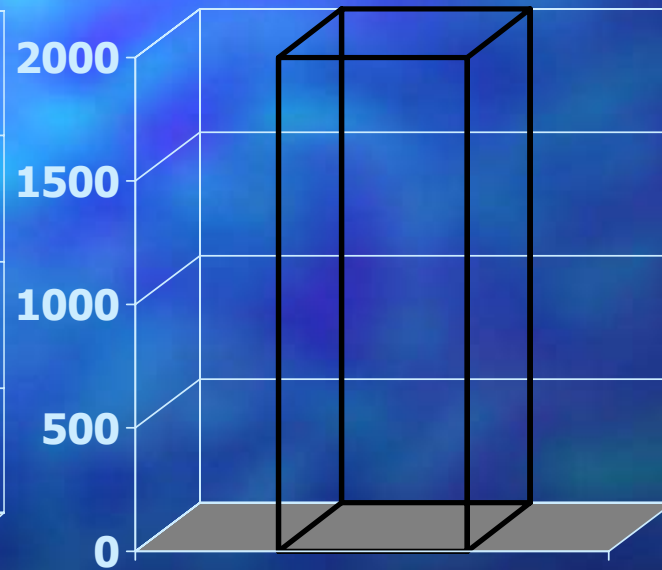


× Checking

# Overdraft Line of Credit

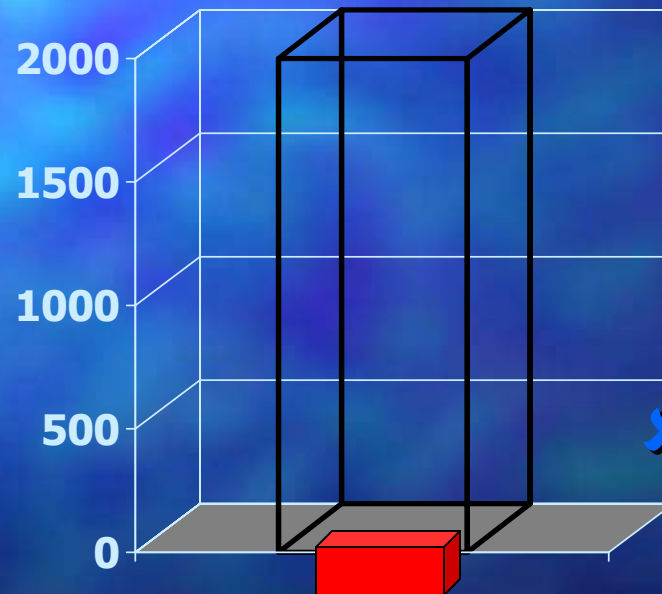


× Line of Credit



× Checking

# Overdraft Line of Credit



× \$20...

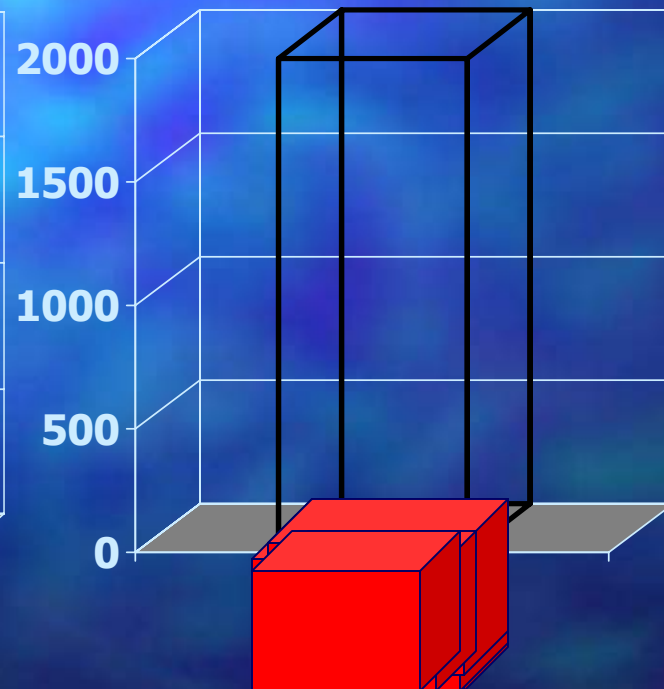
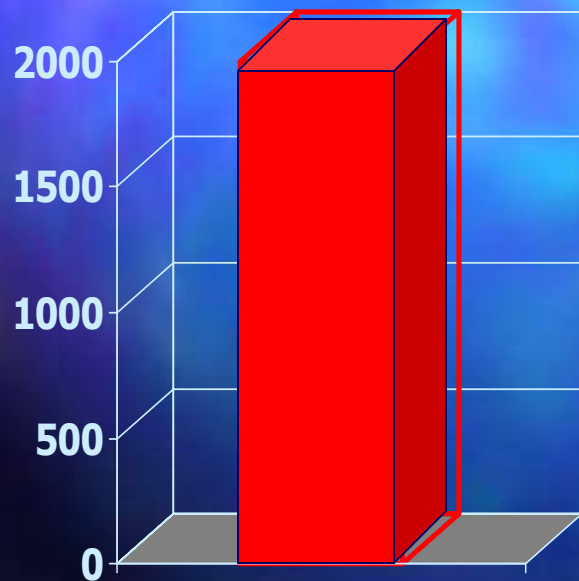
× \$600 Fees

× Checking



# Some people defeat the purpose of their overdraft line of credit

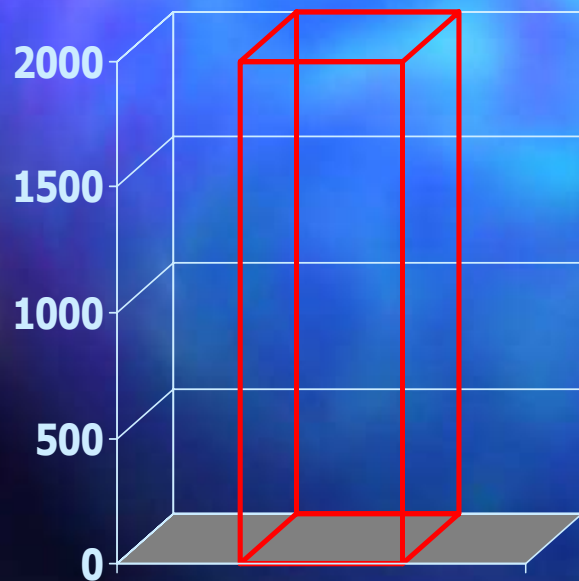
× High rate



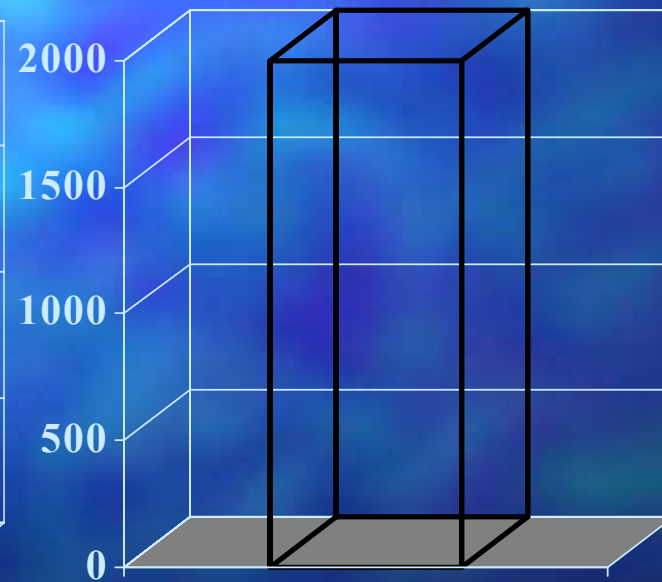
■ 17% Bank Bike

× Line of Credit

× High rate



× Line of Credit



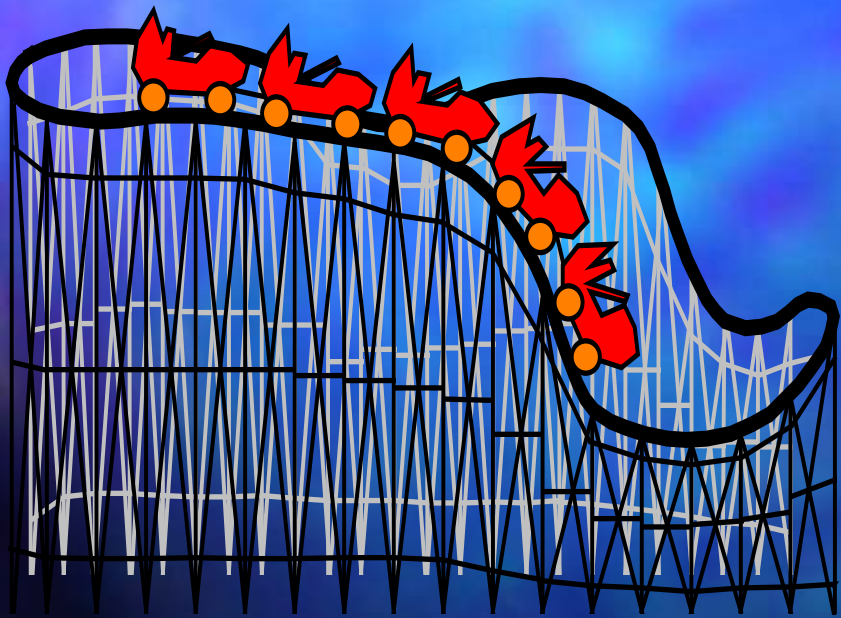
× Checking

# Mortgage Loans: Compare All Costs Before Signing Anything



	Typical	NWFin	Diff
■ Re-financed	\$147,000	■ \$147,000	■
■ "Closing Costs"	<u>\$3,000</u>	■ <u>\$17,000</u>	■ \$14,000
■ New Loan	\$150,000	■ \$164,000	■
■ Rate	8%	■ 10%	■ \$3,000
■ Prepay Penalty	\$0	\$7,000	<u>7,000</u>
■			\$24,000

# Variable vs. Fixed Rate





# Home Loans: Beware

- 1. Prepayment penalties?
- 2. Compare Rates
- 3. Compare Fees
- 4. Fixed vs. Variable?

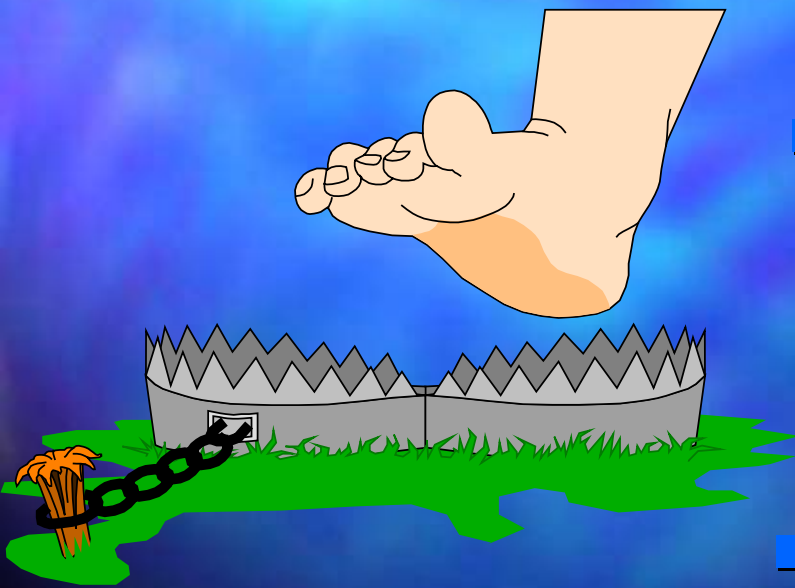


# Avoid Closing Traps

especially if delayed

✕ Take your time

✕ Don't just (sign, sign, sign)



■ Understand what you are signing and why.



- Expect delays, and keep all your other obligations current.
- Could be the most important 3 hours of your financial life.

# Advanced-Fee Loan Scam:

Promise to get you a loan or a credit card regardless of credit problems!

Wire **\$49** to New York...

× Who do they prey on?



Dear Sir, **CONFIDENTIAL BUSINESS PROPOSAL**

FROM THE NIGERIA CHAMBER OF COMMERCE, I HAVE THE PRIVILEGE TO REQUEST FOR YOUR ASSISTANCE TO TRANSFER THE SUM OF \$45.5 MILLION U.S. DOLLARS INTO YOUR ACCOUNT. THE ABOVE SUM RESULTED FROM AN OVER-INVOICED CONTRACT, PAID BY A FOREIGN CONTRACTOR. WE REQUIRE YOUR ASSISTANCE. THE TOTAL SUM WILL BE SHARED AS FOLLOWS: 70% FOR US, 25% FOR YOU AND 5% FOR LOCAL AND INTERNATIONAL EXPENSES INCIDENTAL TO THE TRANSFER. THIS ACTION WAS HOWEVER INTENTIONAL. WE ARE FORBIDDEN TO OPERATE A FOREIGN ACCOUNT THE TRANSFER IS RISK FREE. REPLY URGENTLY,

ALBERT KATUKA



Dear Sir, **CONFIDENTIAL BUSINESS PROPOSAL**

FROM THE **NIGERIA** CHAMBER OF COMMERCE, I HAVE THE PRIVILEGE TO REQUEST FOR YOUR ASSISTANCE TO TRANSFER THE SUM OF **\$45.5 MILLION** U.S. DOLLARS **INTO YOUR ACCOUNT**. THE ABOVE SUM RESULTED FROM AN **OVER-INVOICED CONTRACT**, PAID BY A FOREIGN CONTRACTOR. WE REQUIRE YOUR ASSISTANCE. THE TOTAL SUM WILL BE SHARED AS FOLLOWS: 70% FOR US, **25% FOR YOU** AND 5% FOR LOCAL AND INTERNATIONAL EXPENSES INCIDENTAL TO THE TRANSFER. THIS ACTION WAS HOWEVER **INTENTIONAL**. WE ARE FORBIDDEN TO OPERATE A FOREIGN ACCOUNT THE TRANSFER IS **RISK FREE**. REPLY URGENTLY,

ALBERT KATUKA

# #1 Cause of Divorce

- 70-80% of divorcing couples attribute the marriage breakdown to money problems



# BEWARE



- Tell me your credit card number
- Tell me your checking account #
- Tell me your Social Security #
- Wire fees out of state

# Remember

- Understand what you sign.
- Don't sign anything you don't agree to.\*
- Shop for the best deal available to you.
- Keep your greed under control.





# Pay Off Loans Early

■ Bal	Rate	Term	Pmt	Total	Int Pd	Savings
■		(If simple interest)				
■ 10,000	12%	60 mo	222	13,346	3,346	
■ 10,000	12%	57 mo	232	13,167	3,167	179
■ 10,000	12%	47 mo	272	12,582	2,582	764
■ 10,000	12%	38 mo	322	12,069	2,069	1,277

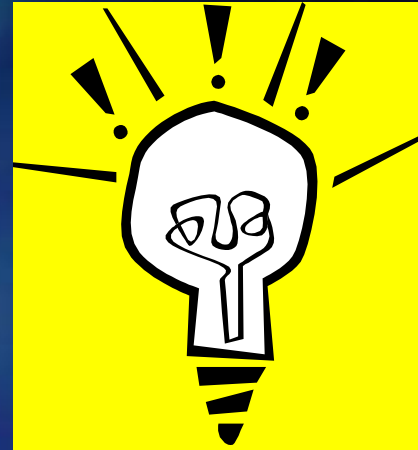


# Pay Off Mortgage Early

■ Bal	Rate	Pmt	Term	Int Cost	Savings
■ 136,283	8%	1000	30 yr	223,717	
■ 136,283	8%	1010	29 yr	212,773	10,944
■ 136,283	8%	1050	25 yr	180,817	42,900
■ 136,283	7.75%	1283	15 yr	98,077	125,640

# Bi-Weekly Payment Programs:

A convenient way to  
pay off early, if:



- ✕ Your paydays are Bi-weekly
- ✕ Your lender accepts extra principal (most do w/o penalty)
- ✕ Reputable money handler (some have skipped)
- ✕ Low or no fees

**Warning:** many charge a monthly service fee & set-up fee!

- |   |                                |                           |
|---|--------------------------------|---------------------------|
| ■ | \$ 5 bw service fee            | \$ 150 setup              |
| ■ | <del>\$25</del> bw service fee | <del>\$ 4,000</del> setup |



# The Advantage of Bi-Weekly Payments:

$$365 \frac{1}{4} \div 14 = 26.09 \text{ biweekly periods}$$

SMTWTFSS	SMTWTFSS	SMTWTFSS
JANUARY	MAY	SEPTEMBER
-- -- -- 1 2	-- -- -- 1	-- -- 1 2 3 4
3 4 5 6 7 8 9	2 3 4 5 6 7 8	5 6 7 8 9 10 11
10 11 12 13 14 15 16	9 10 11 12 13 14 15	12 13 14 15 16 17 18
17 18 19 20 21 22 23	16 17 18 19 20 21 22	19 20 21 22 23 24 25
24 25 26 27 28 29 30	23 24 25 26 27 28 29	26 27 28 29 30 --
31 -- -- -- --	30 31 -- -- --	
FEBRUARY	JUNE	OCTOBER
-- 1 2 3 4 5 6	-- 1 2 3 4 5	-- -- -- 1 2
7 8 9 10 11 12 13	6 7 8 9 10 11 12	3 4 5 6 7 8 9
14 15 16 17 18 19 20	13 14 15 16 17 18 19	10 11 12 13 14 15 16
21 22 23 24 25 26 27	20 21 22 23 24 25 26	17 18 19 20 21 22 23
28 -- -- -- --	27 28 29 30 -- --	24 25 26 27 28 29 30
		31 -- -- -- --
MARCH	JULY	NOVEMBER
-- 1 2 3 4 5 6	-- -- -- 1 2 3	-- 1 2 3 4 5 6
7 8 9 10 11 12 13	4 5 6 7 8 9 10	7 8 9 10 11 12 13
14 15 16 17 18 19 20	11 12 13 14 15 16 17	14 15 16 17 18 19 20
21 22 23 24 25 26 27	18 19 20 21 22 23 24	21 22 23 24 25 26 27
28 29 30 31 -- --	25 26 27 28 29 30 31	28 29 30 -- -- --
APRIL	AUGUST	DECEMBER
-- -- -- 1 2 3	1 2 3 4 5 6 7	-- -- 1 2 3 4
4 5 6 7 8 9 10	8 9 10 11 12 13 14	5 6 7 8 9 10 11
11 12 13 14 15 16 17	15 16 17 18 19 20 21	12 13 14 15 16 17 18
18 19 20 21 22 23 24	22 23 24 25 26 27 28	19 20 21 22 23 24 25
25 26 27 28 29 30 --	29 30 31 -- -- --	26 27 28 29 30 31 --

26.09 half payments →

**13.045 full payments** in an average year



Every ~11 years:

equivalent of **13 1/2**  
monthly payments

(by making 27 half pmts bi-weekly)

- ✧ Every ~11 years 3 months have 3 paydays
- ✧ (3 extra paydays -> 1 1/2 extra full payments)
- ✧  $(1 \div .08929 = 11.19946)$

SMTWTFSS	SMTWTFSS	SMTWTFSS
<b>JANUARY</b>	<b>MAY</b>	<b>SEPTEMBER</b>
— — — — — 1 2	— — — — — 1	— — — 1 2 3 4
3 4 5 6 7 8 9	2 3 4 5 6 7 8	5 6 7 8 9 10 11
10 11 12 13 14 15 16	9 10 11 12 13 14 15	12 13 14 15 16 17 18
17 18 19 20 21 22 23	16 17 18 19 20 21 22	19 20 21 22 23 24 25
24 25 26 27 28 29 30	23 24 25 26 27 28 29	26 27 28 29 30 —
31 — — — — —	30 31 — — — — —	
<b>FEBRUARY</b>	<b>JUNE</b>	<b>OCTOBER</b>
— 1 2 3 4 5 6	— — 1 2 3 4 5	— — — — — 1 2
7 8 9 10 11 12 13	6 7 8 9 10 11 12	3 4 5 6 7 8 9
14 15 16 17 18 19 20	13 14 15 16 17 18 19	10 11 12 13 14 15 16
21 22 23 24 25 26 27	20 21 22 23 24 25 26	17 18 19 20 21 22 23
28 — — — — —	27 28 29 30 — — —	24 25 26 27 28 29 30
		31 — — — — —
<b>MARCH</b>	<b>JULY</b>	<b>NOVEMBER</b>
— 1 2 3 4 5 6	— — — — 1 2 3	— 1 2 3 4 5 6
7 8 9 10 11 12 13	4 5 6 7 8 9 10	7 8 9 10 11 12 13
14 15 16 17 18 19 20	11 12 13 14 15 16 17	14 15 16 17 18 19 20
21 22 23 24 25 26 27	18 19 20 21 22 23 24	21 22 23 24 25 26 27
28 29 30 31 — — —	25 26 27 28 29 30 31	28 29 30 — — — —
<b>APRIL</b>	<b>AUGUST</b>	<b>DECEMBER</b>
— — — — 1 2 3	1 2 3 4 5 6 7	— — — 1 2 3 4
4 5 6 7 8 9 10	8 9 10 11 12 13 14	5 6 7 8 9 10 11
11 12 13 14 15 16 17	15 16 17 18 19 20 21	12 13 14 15 16 17 18
18 19 20 21 22 23 24	22 23 24 25 26 27 28	19 20 21 22 23 24 25
25 26 27 28 29 30 —	29 30 31 — — — —	26 27 28 29 30 31 —

# Extra Principal

## Bi-Weekly or Monthly: nearly the same

■ Loan	Rate	Pmt	Term	Total Paid	Save
■ 100,000	8%	733.77 mo	30 yr	264,157	

Bi-Weekly: 26.09 half pmts each yr.

$$733.77 \div 2 = 366.89 \text{ } 26.09 \text{ per year}$$

22.65 yrs 216,832 47,325

(by paying 17,000 early, you avoid paying \$47,000 of interest)

Extra Principal

Pay  $1.09 \times 733.77 =$

$1.09 = 1/12 \text{ of } 13.05^* \text{ pmts}$

66.04 add .09 of a payment each month

799.81 22.5 yrs 215,948 48,209

(\*13.045 full payments in an average year by paying bi-weekly, therefore  $13.045 / 12 = 1.087$  rounded to 1.09)

# Re-finance and "save" hundreds each month

(100,000 30 yr 8% In after 10 years)

■ Current bal.	\$ 87,724	734 pmt	8%	20 yr remaining	
■ Car bal.	13,056	415 pmt	9%	3 yr remaining	
■ Other	<u>8,000</u>	<u>203</u> pmt	18%	5 yr	Int
■ Total	108,780	1,352			95,000

Int & fees

173,000

Consolidated 111,780 782 pmt 7.5% 30  
 you "save" (avoid spending) 493 per month

Keep paying 1,352 (117 mo) 9.75 50,000

If you don't run up your credit cards, etc. again!



# Consolidation Loans



■ Current bal.	\$102,000	918 pmt	9%	20 yr
■ Car	10,000	254 pmt	10%	4 yr
■ Cr card	5,000	100 pmt	18%	4 yr
■ Cr card	<u>8,000</u>	<u>160</u> pmt	21%	4 yr
■ Total	125,000	1432		
■ New mortgage	128,000	1151 pmt	8%	17 yr
■ If you pay		1432		11.4 yr
■ If you don't run up your credit cards again!				

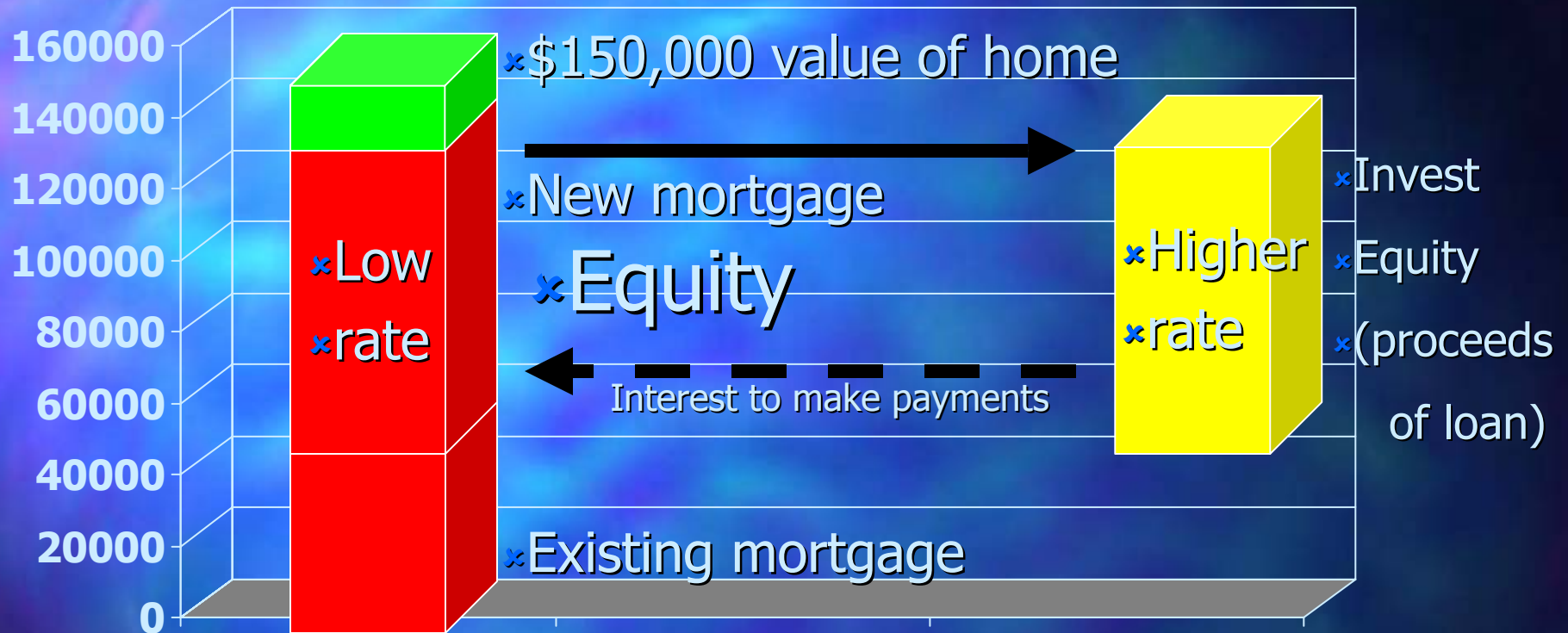


# Under water?

■ Mortgage	7%	600	■ 7%	■ 600
■ Auto loan	10%	250	■ 10%	■ 250
■ Cr Card	19%	100	■ 10%	■ 80
■ Cr Card	25%	150	■ 25%	■ 150
■ Doctor	18%	200	■ 10%	■ 120
■ Dentist	18%	100	■ 18%	■ 100
		1,400		■ 1,200



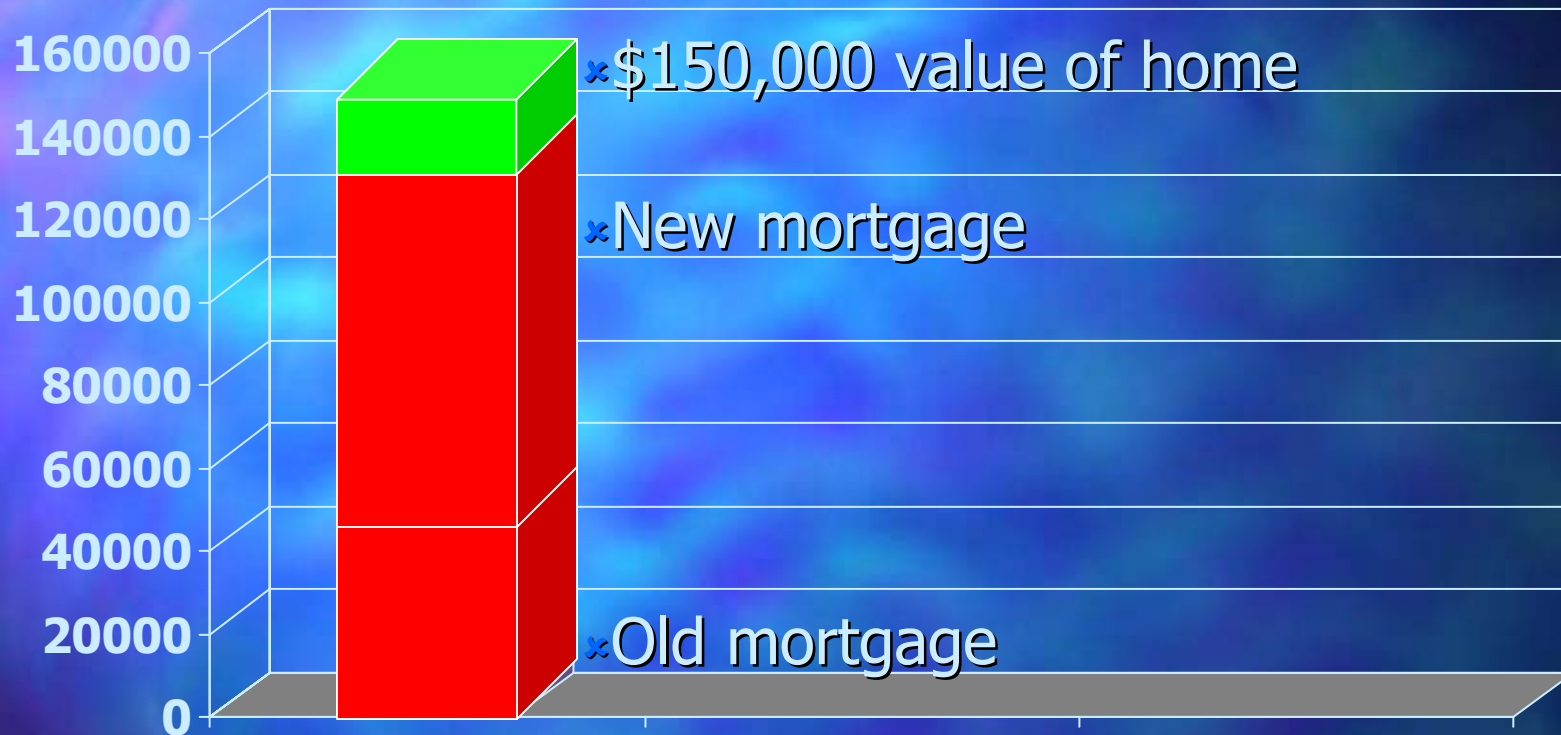
# Equity Investments



× Remember:

- × 1. The greater the rate, the higher the risk!
- × 2. If you can't afford to lose it, don't invest it!

# Equity Investments



x Remember:

- x 1. The greater the rate, the higher the risk!
- x 2. If you can't afford to lose it, don't invest it!
- x 3. Don't borrow it if you don't want to pay it back!